

# **Citizens Development Corps**

*F/k/a Citizens Democracy Corps*

## ***Trading Regionally and Developing Expertise***



## **FINAL REPORT**

March 31<sup>st</sup>, 2005

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## ***TRADE Final Report***

**Project Name:** “Training for Trade and Networking for Success in CEE” (Renamed ***Trading Regionally and Developing Expertise, T.R.A.D.E***)

**Grantee:** Citizens Development Corps (CDC), Inc.

**Address:** 1726 M Street, NW Suite 1100 Washington, DC 20036

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**Life of Project Period:** September 26, 2001 to September 30, 2004

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### **A. INTRODUCTION AND PROJECT DESCRIPTION**

The Trading Regionally and Developing Expertise (TRADE) project in Central and Eastern Europe (CEE) was a regional initiative funded by the Europe and Eurasia Bureau United States Agency for International Development (USAID) to promote the development of small and medium sized enterprises (SMEs) in the region and increase the volume of exports and cross-regional trade. The goal of TRADE was to build the capacity of promising local consulting companies from Bulgaria, Croatia, and Romania so that they could better serve and support the SMEs in the region. More specifically, the program was envisioned as a way to assist in the creation of a sustainable infrastructure that would improve access to higher quality business services and new markets in the region by the underserved SME market.

In order to accomplish this goal, the TRADE project created a Network of small and medium sized consulting companies that were chosen on a competitive basis, which when combined, provided a wide array of business services. Through this Network, these companies both worked with each other to promote cross-border collaboration and exchange of ideas and resources, while also receiving targeted technical assistance from long and short term volunteer technical experts, all of which was intended to build their to serve SME clients. These consulting companies gained skills and regional and international exposure through this Network that they have been able to use to grow their businesses, expand their regional market reach and provide higher quality, specialized services to their clients.

## **B. TRADE BACKGROUND**

On September 26<sup>th</sup>, 2001, a consortium led jointly by Citizens Development Corps (CDC), its division, the MBA Enterprise Corps (MBAEC), and the International Executive Service Corps (IESC), and assisted by Counterpart International, was awarded an 18-month long cooperative agreement funded by the Europe and Eurasia (E&E) Bureau of USAID to establish the Training for Trade and Networking for Success in CEE program in the amount of \$2,500,000. The project was later renamed Trading Regionally and Developing Expertise (herein referred to as TRADE) and received two costed extensions, one in May 2003 in the amount of \$375,000, and one in February 2004 totaling \$600,000, bringing the total amount of the project to \$3,475,000 and extending the program end date to September 30, 2004 .

As mentioned in the introduction, the TRADE project was primarily focused on building the capacity of existing local consulting companies in Bulgaria, Romania, and Croatia so that they could better serve and support SMEs in the region. In order to achieve this, the TRADE project took a three-prong approach:

- TRADE would assist consulting companies in improving the operational capacity and management capability of their respective institutions, through the use of short and long term technical experts, and making an innovative grants program available to each entity.
- TRADE would help consulting companies address strategic issues by providing specific technical training to upgrade the quality of consulting services to members and/or clients.
- TRADE would serve as the catalyst for the creation of a sustainable Network of consulting companies, so as to promote cross-border and regional trade, to sponsor special events facilitating new working relationships and sharing of lessons learned, to provide technical assistance, and to host a TRADE website as a cost and time efficient resource for information sharing and business development.

Finally, it is important to note that the first 30 months of the program, herein referred to as “Phase One”, driven primarily by the desire to build, extend, and provide technical assistance to a nascent Network, while the final 6 months of the project was focused on reorienting this Network to turn it into a viable, sustainable and self-funded entity, which coincided with the time period from the final costed extension through the end of the project. Within this context, the first section of the report will focus on the essential inputs and activities the project conducted to build and develop what is known as the TRADE Network, while the second section (Phase 2) will focus on the project’s reorientation to meet the new needs of the Partners and create the Network’s leave behind entity. Finally, the report closes with a series of results and comprehensive lessons learned.

## **C. PHASE ONE: PRIMARY INPUTS AND ACTIVITIES**

As stated, the overarching objective of the TRADE program was to promote the development of small and medium sized enterprises (SMEs) in the region and increase the volume of exports and cross-regional trade. However, rather than focusing its efforts on hundreds of individual SMEs, as had been done in previous programs, the TRADE program focused on the development and networking of local consulting companies. In this way, the technical assistance provided by the project would have a multiplier effect across a much wider group of SMEs than could have been reached on an individual basis. Moreover, by focusing on consulting companies located throughout the CEE region, the companies would work together to promote regional business growth, expand trade opportunities between their clients, and improve the business skills and quality of products produced in their regions.

### ***a) Initial Needs Assessment***

Given this program strategy, TRADE realized that one of the first tasks had to be an intensive effort to diagnose the current consulting environment in the region and to assess, identify and select firms that would comprise the founding members of the network in addition to utilizing assessment findings to enhance and adjust the existing program structure. As such, during the first month of the program, the TRADE consortium, along with its subrecipient Counterpart International, conducted a comprehensive three-week intensive needs assessment in Croatia, Bulgaria and Romania, which had a series of goals:

1. To better understand the local business environment in each country;
2. To study the consulting services available to SMEs in international trade and networking;
3. To identify and benchmark potential Partners for the project in each country;
4. To introduce the project to local USAID missions; and,
5. To refine the project design based on assessment findings.

As a result of this assessment, three important findings were discovered. First, it was clear that there was demand for the project on multiple levels, including consulting firms, their SME clients, and USAID Missions. That said, local Missions voiced their concerns about the regional nature of the project, not seeing clearly how this project would benefit their local programs and objectives. Finally, and most important, the consortium evaluated myriad consulting firms, which resulted in the admittance of ten local Partners in to the TRADE Network.

### ***b) TRADE Partners***

When determining who would be the initial TRADE Partners, the assessment team had several criteria that were universally understood to be important. More specifically, the Partner would have to:

- Exist as a private non-government organization that is a consulting company or has a consulting arm;
- Have over 50% local ownership;
- Be working or attempting to work with local SMEs, and not just donor driven;
- Be in business at least two years;
- Have at least five full time employees;
- Have staff with business training—either hands-on, MBA or executive business classes;
- Remain above politics, owing its success to good business practices rather than uncertain government contacts;
- Possess forward thinking, dynamic and practical management;
- Be recognized in the market as a company that is good to do business with because it is honest, ethical and has integrity; and
- Have experience and interest to work in other countries.

Furthermore, the team and the project realized through the assessment process that specialization was particularly important when organizing the network. In particular, of the ten Partners that were originally chosen, each of them primarily specialized in a service that was unique within its own country. This intentional, industry specific selection minimized the amount of in-country competition which could have easily inhibited trust building, networking and positive collaborative outcomes. Moreover, this diversification greatly enhanced not only the image of the Network but also the opportunities for increased collaboration, networking and business opportunities, as an SME would be able to be served by various companies, each specializing in its own field, rather than having to go to only one service provider. Thus, the program encouraged the development of higher quality services in a multitude of fields.

The matrix below shows the initial ten Network Partners, and their principal business areas:

	<b>Bulgaria</b>	<b>Croatia</b>	<b>Romania</b>
<b>Market Research</b>	Market Test		Daedalus Market
<b>Law</b>		Consensus	
<b>Project Management</b>	Business Center Serdon	CM-Expert	Quantum Leap
		Ekoner	BDG
<b>HR &amp; Training</b>	ConsulTeam		Compass (training)

### ***c) Coordinating Partners***

Once the initial Network Partners were identified, the project felt that in order to bring a little more structure and ownership to the program, there needed to be a Coordinating Partner in each of the countries. In particular, each Coordinating Partner would be assigned responsibility for coordinating the project locally in their country, for disseminating information about the project, its activities and VEA arrivals, and for arranging the use of VEA time with Coordinating Partners in other countries. To help them in these tasks and to strengthen their capacity, Coordinating Partners received the services of an MBA Enterprise Corps member for one year. Finally, in order to create a clear link between the Partner and the main office in Budapest, the project placed a local program officer in each of the three coordinating partners.

At first, the idea of creating a Coordinating Partner role appeared to be a good one. However, as the program developed, these partners posed challenges to the structure of the network as well. On one hand, they were invaluable to the creation and overall development of the Network. On the other hand, some Coordinating Partners felt that they were more important members of the network, which was obviously not meant to be the case. Furthermore, in some cases the Coordinating Partners started using the local Program Officer hired directly by TRADE for their own work, which negatively affected program performance, as the Program Officers felt loyal to both their local managers and the Budapest Coordination office and in some cases could not cope with the dual task of fulfilling all requirements. Although this problem was mostly resolved by giving the Program Officers more authority, the overall challenge with the Coordinating Partners remained until the end of the project.

### ***d) Building the TRADE Network***

Once the initial Partners and the subset of Coordinating Partners were identified, the most critical and difficult part of the program began; building a Network of these Partners that would be cohesive, collaborative, and sustainable. In order to do this, the consortium decided early on that its efforts would emphasize five separate methods to catalyze the creation and development of the Network.

- Quarterly Network Meetings
- Regular In-country Partner Meetings
- Project Collaboration
- Expanding the Network
- Joint Marketing

#### **1) Quarterly Network Meetings**

Although the project had identified the initial Partners, it was clear that no Network could be built unless these Partners met each other on a regular basis. In this manner, the Partners would have an opportunity to meet, network, and most important, build trust with other Partners. Moreover, it was also an opportunity for the consortium to establish the rules and regulations of the Network. It was with these thoughts in mind that the project initiated the quarterly Network meeting, which would be held ten times over the course of the project, in each of the participant countries.

However, these meetings were not just a venue for Partners to build relationships and coalitions with each other. In fact, the quarterly meetings offered the Partners an opportunity to both receive and provide focused workshops on areas of mutual concern and interest, such as (but not limited to):

- Effects of EU Accession on Business Services in the CEE Region
- Performance Management in Professional Services Firms

Finally, Partners were also able to share best practices and lessons learned, as well as learn more about the latest industry trends.

As a sample evaluation, during the last session of the 7<sup>th</sup> quarterly meeting, participants were asked to fill out anonymous evaluation forms. Of 28 forms distributed, 17 were returned. The average results out of a possible 100% were as follows:

“...excellent organization of the meeting and facilitation of the networking. We think that we have started an efficient and productive for the future contacts with the other participants. It was a real pleasure for us to take participation in the TRADE network.”

-Unsolicited feedback on Conference Feedback form

Relevancy of the conference to the company's goals in relation to the Network	83 %
Organization of the meeting	93 %
Usefulness of conference materials	81 %
Meeting structure	84 %
Usefulness of the presentations	85 %
Usefulness of the break-out discussions	91 %
Overall rating of the conference	90 %

## 2) Regular In-country Partner Meetings

Beyond the quarterly meetings that were sponsored by the project, the Partners decided on their own volition that meeting only once every three months was not sufficient for them to build the trust they needed to begin working with each other. With this in mind, regular meetings of the TRADE Network continued on a monthly or bi-monthly basis in each country throughout the project, with some Partners meeting locally, and many others traveling to other countries. As a result of this initiative, the Partners felt a concrete sense of ownership in the project, the collaborative momentum gained from the quarterly meetings was not lost, and thus, an increasing amount of collaborative projects and referrals took place over the life of the project.



### 3) Project Collaboration

As hinted in the previous section, one of the principal results of the TRADE project was a significant number of collaborations between the Partners. And in fact, this was one of the principal results that the consortium envisioned when the project first began. However, in this case, although this result was an impressive end, it was also seen as the most important means for building the Network. More specifically, every time that one Partner collaborated with another, it served as a powerful statement that Partners could trust each other, that Partners could see business value in other members, and most important, that the Network itself provided the opportunity for the Partners to increase their own bottom lines. This, in turn, reinforced the importance of the Network.

*“We are confident that, being partners in the USAID-sponsored TRADE Network Program will help our staff to integrate faster and more easily to international standards and to gain huge steps in order to reach our goal, as our logo says: “you must be on top””-*

Daniela Necefor, Managing Partner of Total Business Solutions, in Bucharest, Romania.

As far as ways in which these collaborations manifested themselves, they generally fell into one of three groupings. Either one Partner hired another Partner directly for their services, or one Partner would refer their clients to another Partner that either was located in a different area or provided a different service, or most impressively, a group of Partners would work together in order to bid on a large cross-regional project. An example of each of these types of relationships is listed here:

***Daedalus Market Research**, a TRADE Network Partner in Romania, was considering raising its fees and wanted to gauge market reaction to this possible move. Another Romanian TRADE Network Partner, **Business Development Group**, conducted market research for Daedalus on the pricing structures of their competitors, information that the market research company would not have been able to obtain itself. The results showed that their prices are competitive the way they are. This study has averted trouble for the company, and they estimate that **it saved them at least \$100,000 in lost revenues.***

***ConsulTeam** of Bulgaria referred **Moj Posau** of Croatia to a recruitment contract for their large Hungarian client who was looking for key personnel in Hungary. Moj Posau successfully completed the assignment, earned over 2,000 Euros, and most importantly gained a foothold in the Hungarian marketplace. As a result of this successful collaboration, the two HR companies **formalized their relations in a joint venture agreement.***

*Leading Hungarian Market Research agency **Hoffmann Research International** developed a strong working relationship with Romanian TRADE partner **Daedalus Market Research** over the life of the project. First of all, the two companies share resources and work according to their strongest capabilities in Hungary and Romania. In the case of qualitative research for example, Daedalus performs the project work internally, while for quantitative projects the firm gathers data locally in Romania which is then transferred to Hoffmann for final analysis. Secondly, and most importantly, Daedalus now enjoys being **the preferred local partner** of Hoffmann, having done at*

*least six projects with them worth more than \$125,000 during the first phase of the project*

For more information on examples of Partner collaboration, please see the discussion on the results of this collaboration beginning on page 24.

#### 4) Expanding the Network

At the beginning of the project, the admission process was undertaken solely by TRADE staff in Budapest and local Program Officers. However, one year into the program, the Partners indicated an interest in taking part by conducting the search and screening process. From this initial interest, the Partners evolved the process to incorporate both the initial selection criteria detailed in the needs assessment, as well as criteria stating that:

- a. New Partners would be selected by consensus among all existing national Partners;
- b. New Partners needed to meet agreed-upon country-specific criteria;
- c. Each new Partner would be presented to other national Partners; and,
- d. Each of the existing Partners would have the right to veto a new Partner upon presentation of reasonable explanation.

Through this process, the TRADE Network was expanded to include a total of 26 Partners over the course of Phase 1. This is illustrated by two matrices, the first of which indicates the Partner location and business focus, with the second one listing during which quarter each Partner joined the Network.

	<b>Bulgaria</b>	<b>Croatia</b>	<b>Romania</b>	<b>Hungary</b>
<b>Market Research</b>	Market Test	Hendal Market Research	Daedalus Market	Hoffman Marketing
<b>Law</b>	Totev and Ivanov	Consensus	Stefanica, Osmani & Partners	TransConsult
<b>Project Management</b>	Business Center Serdon	CM-Expert	Quantum Leap	IPD
		Ekonerg	BDG	
<b>HR &amp; Training</b>	ConsulTeam	Moj Posau	TBS (recruiting)	Human Telex
			Compass (training)	
<b>IT</b>	Bianor	Perpetuum Mobile	eNsight	AAM IT Associates
<b>PR &amp; Advertising</b>	Expoteam (trade show organizer)	Status Grupa (Advertising)	DC Communications (PR)	

Name of Organization	Location	Quarter Joined	Name of Organization	Location	Quarter Joined
Business Center Serdon	Bulgaria	Founding Partner	Ekoner	Croatia	Founding Partner
ConsulTeam	Bulgaria	Founding Partner	BDG	Romania	Founding Partner
Market Test	Bulgaria	Founding Partner	Compass Consulting	Romania	Founding Partner
CM-Expert	Croatia	Founding Partner	Daedalus Market	Romania	Founding Partner
Consensus	Croatia	Founding Partner	Quantum Leap	Romania	Founding Partner
Totev & Ivanov	Bulgaria	Quarter 1	Hendal Market Research	Croatia	Quarter 1
Hoffman Marketing	Hungary	Quarter 2	IPD	Hungary	Quarter 2
Human Telex	Hungary	Quarter 2	TransConsult	Hungary	Quarter 2
Perpetuum Mobile	Croatia	Quarter 3	AAM IT Associates	Hungary	Quarter 3
Bianor	Bulgaria	Quarter 5	Moj Pasau	Croatia	Quarter 5
Expoteam	Bulgaria	Quarter 5	Status Grupa	Croatia	Quarter 5
DC Communications	Romania	Quarter 6	Stefanica, Osmani & Partners	Romania	Quarter 6
eNsight	Romania	Quarter 6	TBS	Romania	Quarter 6

*Please reference Appendix 1 for a complete listing of the Partners and their specific service offerings and Appendix 2 for an illustrative report on Phase One Network Expansion.*

As can be seen from the tables listed above, the program expanded beyond the geographical scope of simply Bulgaria, Croatia, and Romania, by including Partners from Hungary. This was a key strategic decision, which had obvious positive effects on the overall program. First of all, the Hungarian Partners were strong supporters and mentors of other Partners from the beginning of the program, especially because they wanted to provide their western clients with quality services from other countries in the region. In particular, some Hungarian partners invested several weeks' worth of consulting and training time to enhance the capabilities of their respective counterparts in other countries, while others gave discounted trainings at quarterly meetings. Finally, exceptionally strong business ties were formed in the market research field, where several western European clients were referred to local TRADE partners from Hungary.

*"We are confident that, being partners in the USAID-sponsored TRADE Network Program will help our staff to integrate faster and more easily to international standards and to gain huge steps in order to reach our goal, as our logo says: "you must be on top" -*

Daniela Necefor, Managing Partner of Total Business Solutions, in Bucharest, Romania.

##### 5) Joint Marketing

Although each of the four previously mentioned methods were necessary for the Network to develop and grow from within, it was clear that this work would all be for naught if businesses that did not have relationships with a Partner heard nothing about the Network. For this reason, this was probably the area that most interested the Partners as the program progressed, and which ended up being the most challenging

for the project at the same time. With this in mind, the project focused on three specific marketing activities in the first phase:

- Creating Network marketing materials
- Developing a Network website
- Designing and Implementing a Marketing Plan

In terms of the first point, there was little difficulty achieving significant results very quickly. In particular, the Network had a logo designed for it, developed a brochure and Partner Directory, and came out with a regular Network newsletter, all within the first few months of the project. That said, with little risk came little reward, for the materials were not immediately accompanied by a strategy to distribute them or complement them with other materials.

With this in mind, the project realized early on that some sort of project website needed to be created in order for the Network to have a web presence where both cost-effective marketing could take place, and relevant business information could be provided to the Partners. In response to this, CDC contracted with a U.S. based firm to develop an online community site for the project, allowing all of the Partners to post and share information about their organizations, upcoming events, and generally to promote the program.

Unfortunately, this community site was beset with problems from the beginning. First of all, the building of the site took longer than expected, pushing back the launch date to mid-September 2002. However, even after the launch date, the site continued to experience technical difficulties with various sections of the site, which although would be fixed, did not provide much confidence to users. Secondly, the site was not intuitive for non-technical users, especially non-English speakers. Therefore, although many of the participants attempted to use it, because they could neither access information nor post information therein, they became frustrated quickly, and gave up trying. Thirdly, along with the technical difficulties within the site, different participants experienced problems simply connecting with the site itself, which could never be resolved. Moreover, as some of the documents were quite large, some participants found that it was too costly, in terms of connectivity charges, to use the site. Finally, the biggest and most damning complaint was that the site was expected to be more of a marketing tool than a communications tool, thereby mismatching expectations from the beginning, and dooming its usage among the partners.

Finally, beyond simply focusing on materials and websites, it was clear that a more comprehensive marketing vision was required. With this in mind, in the third quarter, a marketing plan developed by Hendaal Market Research from Croatia, and approved by the membership. As part of this plan, a Marketing Board comprised of one member of each country and a TRADE staff member was created to oversee the strategy and implementation for the overall marketing and promotion of the TRADE Network – an idea that was met with much enthusiasm.

Unfortunately, in spite of the enthusiasm that the Partners indicated at the inception of this Board, there was very little in the way of tangible actions from the plan that were implemented. This was due to two specific reasons. First, although the development of a marketing plan was crucial, it may have been created too early in the overall Network development process, as all of the Partners were focused primarily on enlarging the Network, on receiving technical assistance from international experts, and on building collaboration between each other on business deals. And the second reason was that when the Network was finally in a position where it felt it could initiate the marketing plan, the program was beginning to suffer from uncertainty with regards to its funding and continuance. More specifically, the Partners indicated their readiness in between when the two costed extensions were approved, and at a time when the project was anticipating receiving buy-in from three separate USAID Missions. As such, everyone was anticipating the availability of more resources and more time to implement the marketing plan. Thus, when neither came through to the extent that people were expecting, the marketing plan that had been developed needed to be redone to meet the change. This point and related points will be discussed further in the Phase 2 section beginning on page 21.

***e) Short and Long Term Volunteer Experts:***

***1) Short-Term Volunteer Executive Advisors***

From the beginning of the program, one of the key elements in the minds of the consortium was the provision of Volunteer Executive Advisors (VEAs) to TRADE Network Partners. Through these VEAs, who each had at least 10 years of relevant industry experience, it was envisioned that Partners would be able to receive the advanced technical assistance required to build their own capacity and develop new products and services that was otherwise non-existent in the region. With this in mind, rather than simply sending VEAs to SMEs in the region that requested their assistance and absolving the Partners, this project emphasized that VEAs either be paired with one of the TRADE Network Partner's consultants to assist one of their SME clients, or be providing direct assistance to the TRADE Partner. Moreover, it was highly encouraged for Partners across the region to share in the skills and time of the VEAs once they arrived in the region, thus emphasizing once again the idea of cross-border collaboration. .

With these ground rules in place, the project was unsure whether or not Partners would request VEA assistance, particularly since the vast majority of TRADE Partners had never had any experience with VEAs. Thankfully, the project ended up being pleasantly surprised, as 33 VEAs conducted a grand total of 45 technical assistance interventions over the life of the project. Most important though was that the assistance provided by the VEAs provided substantial quantitative and qualitative value to the Partners and their clients, as evidenced by the illustrative impacts listed below.

*VEA Impacts:****TRADE VEA Saves TRADE Client in Romania over \$500,000 Dollars***

- VEA Roland Ares worked closely with Romanian TRADE Partner Quantum Leap on the construction of a shopping mall in Romania. With Mr. Ares' help, the design was greatly improved, resulting in savings of more than \$500,000 in initial investment, maintenance and power consumption costs over the first five years of operations.

***TRADE VEAs Help Bulgarian Partner Bianor Speed towards International Certifications: ISO and CMMI and Breaking into US Market***

- ISO Quality Systems VEA Ray Genick and Capability Maturity Model Integration (CMMI – a specialized IT Certification) VEA Roy Porter each spent several weeks with Bianor in early 2003 to advise the company on adopting ISO 9001 and CMMI quality systems. As a result of their interventions, Bianor adopted ISO with support from a TRADE Grant, while also adopting CMMI for some of their processes. Moreover, since the company focuses on the international market, the standardization of their quality control processes was of key importance for further growth. Working with the Volunteers, Bianor was able to establish their processes in a way to satisfy clients from both the EU and the USA.

After the establishment of Bianor's quality systems and understanding what Bianor's outsourcing capabilities were, VEA Ken Matusow became instrumental in finding partners for the company in the US. After five years of unsuccessfully trying to break into the US market by themselves, Mr. Matusow now successfully represents Bianor on the US market. As a result, Bianor increased their staff by four people.

*A complete list of the volunteers provided to TRADE Network Partners and their clients, along with selected Success Stories, can be found in Appendix 3*

**2) Long Term MBA Enterprise Corps (MBAEC) Volunteers**

In addition to short term VEAs, the Network also incorporated long term MBA Executive Corps (MBAEC) Members for the first year of the program, each of which had just obtained their MBAs on top of their existing hands-on business experience. Specifically, there were three Corps Members provided to each of the three Coordinating Partners as resident entrepreneurs and technical experts for the life of their assignment. Among the activities that these Corps Members undertook, along with a local business expert that shadowed them, were:

- Identifying revenue generating programs;
- Fostering an appreciation of and commitment to the role of transparency and its relation to anti-corruption, membership and client expansion;
- Web page support;

- Institution building; and,
- Identifying and supporting short and long-term volunteers to address training and technical needs of the Partners and their membership at large.

In terms of results, the Corps Members achieved quite a bit, not only with the Coordinating Partners with whom they were housed, but also with their client companies and other TRADE Partners.

*TRADE MBA Enterprise Corps Member Impacts:*

Bulgaria:

- MBAEC volunteer Paul Fondie launched the online presence of Totev and Ivanov's Law Firm. In particular, he helped the company to identify their needs, create their identity and assist in the procurement process for a new website.
- This same volunteer also developed and administered an 8-part training course on Sales and Presentation Skills and a 9-part training course on Business Planning for Business Center Serdon (BCS).

Croatia:

- MBAEC volunteer John Wirth provided a consolidated view of the Coordinating Partner's historical performance, a forecast of future revenues and associated costs, and a Discounted Cash Flow valuation.
- He also worked on developing a strategy for a new multi-diagnostic "tool" for the evaluation of the effectiveness of promotional materials that TRADE partner Henda had initiated based upon the recommendations from another VEA, Paul Murphy.

Romania:

- MBAEC volunteer Michele Lagueux assisted in the organization of a two-day conference with the Romanian Chamber of Commerce to increase its visibility by encouraging foreign investment and partnering with local Romanian firms.

***f) Grant Fund***

The TRADE Network Grant Fund was set up in April 2002 and operated over the course of the next year with a budget of \$100,000. The purpose of the fund was to advance the professional development and growth of the TRADE Network and its Partner companies as well as their SME clients in the region.

While the fund was operating, 29 direct, non-repayable grants were provided in a total amount of \$76,589 to 16 TRADE Network Partners in Croatia, Bulgaria and Romania. As a result of these grants, innovative projects with a total value of \$759,309 were supported, representing a ten-fold return on the original investment.

### 1) Basic Principles of the TRADE Network Grant Fund

As part of the set-up for the fund, certain principles were laid out and distributed to the Partners. First and foremost, the grants supported activities that could not be addressed through technical assistance or training coming directly from the program. As a result, the activities proposed by the members (and funded by the project) generally centered on the following:

- Participation in quality assurance programs and qualification by internationally recognized quality systems, such as ISO 9001 and CMMI;
- Gaining memberships in international professional organizations and chambers of commerce that benefited both the Partners and the promotion of the Network as a whole;
- Gaining access to general market information and best western business practices through subscriptions to international industry publications;
- Attending leading industry specific conferences, trainings or seminars to increase networking capacity and enhance company knowledge;
- Creating information sharing tools for the promotion of the Partners or the consulting industry in the CEE region;
- Activities included a number of other innovative project proposals that were not pre-defined, but emerged through Partner initiatives. These included opening new offices in neighboring markets for Partners and cross-border staff exchanges that furthered the spread of best practices in the consulting industry and created better opportunities for improved SME services at affordable price levels.

*“With the help of the TRADE Network Grant Fund we became international, which is what we wanted to do. The global vision of our company is the same but TRADE sped up the whole process.”*

- George Parvanov,  
ConsulTeam, CEO

Beyond this initial principle, there were several core elements to successful grant proposals:

- The activity should be aligned with TRADE Network and project goals, and contribute to the sustainability and development of the Network and the firm;
- There should be the potential to implement similar projects with other network partners or clients;
- Innovation
- Cost-effectiveness

The final key requirement of the grant fund was the requirement that Partners provide a cost-share for their project proposals. More specifically, the fund required a minimum 50% cost share for any project, and would only provide grants up to \$5,000.



## 2) Use of TRADE Grant resources by country

Although the most applications (25) arrived from Romania, Bulgarian TRADE Partners were the most successful in taking advantage of the opportunities offered by the Grant Fund, using over 40% of the total awarded amounts with a total of 15 applications. Croatian TRADE members submitted only 10 applications and received proportionately less assistance through this resource of the TRADE program. The following table shows the distribution of grants by countries.

### 3) Distribution of TRADE Grants by Country

Country	Total Amount of Grants Received	Share
Bulgaria	\$31,640	41%
Croatia	\$19,957	26%
Romania	\$24,992	33%
TOTAL	\$76,589	100%

#### *Grant Fund Success Stories:*

#### ***ISO 9001-certified CM-Expert yields over \$100,000 to help others become certified.***

- Croatian TRADE Partner CM-Expert became certified in ISO 9001:2000 with the help of a grant from TRADE. Then, CM-Expert began offering this new knowledge on the local market, leading to a number of lucrative contracts with small and medium enterprises in Croatia totaling \$100,000. Contracts were signed with SPAN, a software company, Metalservis TAD, a producer of forestry tractors, VPB, a design and consulting project bureau, Gradska groblja, the city's cemetery, and Hidroelektra-projekt Jarun, a maintenance and event management company.

#### ***TRADE Consortium publishes first ever CEE Financing Handbook for SMEs***

- With the support of TRADE's Grant Fund, the three Coordinating Partners compiled and published a handbook on available project financing opportunities in the CEE region. This multi-country project signaled the first major cooperation of TRADE Partners that was targeted to help SMEs region-wide to obtain structured and relevant information about financing opportunities both in their countries and beyond their borders. Copies of the book were distributed during a TRADE Network Meeting in Budapest, and were made available in every country to SMEs, donors and business service providers.

*A full description of all grant projects, additional success stories, and lessons learned can be found in Appendix 4 of this report.*

## **D. TRADE COORDINATION WITH OTHERS IN THE CEE REGION**

The TRADE project ensured that constant coordination with other business development and resource centers in the region. Below are listings and descriptions of the collaborations and coordination that the TRADE project orchestrated.

### ***a) Information and Communication Technology (ICT)***

In December 2003, the TRADE Network Program was tasked by USAID with implementing the Central and Eastern Europe Information Communication Technology Project (CEE ICT). This project had as its goal to help increase the competitiveness of the ICT sector in the CEE region, by identifying ways in which a TRADE-esque program could be developed for regional ICT providers. In order to leverage scarce resources, the program began its operations using TRADE Network Partners, program staff and management.

The implementation of the initial assessment phase of the project required a study of the ICT sector in six countries: Hungary, Croatia, Bulgaria, Serbia, Romania, and Macedonia. These assessments (except for Hungary) were led by Hungarian ICT Specialist Eva Geist, and were conducted in conjunction the help of IT Volunteer Expert Advisors William Korstad and Michael Rose, later replaced by Mark Hayes. Information gathered for each country assessment was derived from a series of one-week country visits and interviews with key government institutions, donors, private firms and associations involved in the ICT sector. Collected findings and data were then analyzed and used to develop two potential ICT project designs.

For this report, results of the ICT project will not be included, as a previously submitted ICT final report covered the details of the project.

### ***b) USAID Missions***

USAID missions were continually kept abreast of developments in the TRADE Network program by local program staff, staff from Budapest, and Coordinating Partners. Meetings with USAID mission representatives were held on an average of once a month, in addition to regular e-mail communication. The TRADE Chief of Party, together with high-level representatives of both CDC and IESC, shared information about the successes and benefits of the program to Mission Directors and Private Sector Offices in Hungary, Croatia, Romania, Bulgaria, Serbia, and Macedonia. Additionally USAID staff regularly attended quarterly meetings and provided valuable programmatic advice and insight.

### ***c) USAID's GTN Program***

Throughout the program the TRADE project worked on increased collaboration between GTN and the TRADE Network. Above and beyond the quarterly meetings that TRADE staff invited GTN to participate in, all of the TRADE Network Partners were registered in the GTN system. This eventually turned into a successful deal for one of TRADE's Network Partners, CM-Expert, as they signed a number of lucrative deals that they identified through the GTN system.

***d) Other USAID Programs in the Region***

Beyond the GTN Program, TRADE was also successful with collaborating with other USAID-funded programs located in the three principal countries in the region: Croatia, Romania, and Bulgaria. In both Croatia and Bulgaria, the TRADE program coordinated volunteer activities with the USAID projects on the ground, while in Croatia, seminars conducted by the Croatian Enterprise Program were attended by TRADE Network Partners.

However, it was in Romania that collaboration between TRADE and other USAID programs had its biggest success. As a result of TRADE's marketing in Romania, Daedalus Partner won a USAID-sponsored contract valued at \$9,000. The contract was for a market research study under CHF's Enterprise Development and Strengthening Program (EDS). Under the contract, Daedalus interviewed approximately 30 companies representing a cross-section of industries and geographic locations in order to identify the information SMEs need to better develop export activities.

This was a good example of synergy between USAID financed programs as the consulting capabilities developed under TRADE contributed to the operations of EDS. It is expected that future similar links will continue to be developed between these Partners and the five-year EDS project.

***e) Bulgaria: American Chamber of Commerce***

The American Chamber of Commerce held a luncheon for its members focused on Project Management, and the key note speaker was Earl Glenwright, a VEA working for the TRADE Network program in-country. The event was well attended by over fifty local managers. This event was later written up in the Bulgarian American Chamber of Commerce Newsletter.

***f) US Foreign Commercial Service***

The TRADE Program and network worked closely with the US Foreign Commercial Services in most countries in the region. The FCS in Bucharest helped the program to identify new potential Partners in IT and law. In Bulgaria, one of the TRADE Partners, Expoteam, explored an opportunity to organize an American products show.

Above and beyond the groups mentioned already, the TRADE project worked tirelessly to promote the project and meet with a wide and disparate group of donor agencies, donor-funded projects, venture capital funds, ministries, EU representatives and export-oriented associations in order to bring the most value to Network Partners.

## **E. PHASE TWO PRIMARY INPUTS AND ACTIVITIES**

### ***a) Preparation and Research***

As indicated in the introduction, the second phase of the program coincided with the final costed extension that the project received in February 2004 through September 2004. With this short timeframe in mind, this second phase was marked by a complete change in focus from the previous phase. More specifically, rather than spending most of the resources on building the network and providing technical assistance to the Partners, Phase 2 signified an almost sole focus on utilizing the Network that already existed and attempting to create a sustainable model for the future of the Network.

Once these efforts started, there was a significant amount of support and research that went into developing the sustainability model. In March and April 2004 two VEAs were asked to assess the current status of the members, suggest different models and methods for sustainability, identify ways for the TRADE Network to brand itself, and finally, present their findings at a TRADE Network meeting that took place in May 2004. In conjunction with their efforts, all partners were asked to fill out a questionnaire to measure their level of commitment to finance the continuation of the TRADE Network. As a result of both of these activities, a clear consensus emerged.

First, although most Partners expressed their wish to move the TRADE Network from a donor-funded entity to a privately run and financed network, it was clear that the Network as it existed at that point could not continue. In particular, although many Partners indicated that they wanted to increase their business with each other, there would not be enough of these activities to finance all of the Network's activities, especially given the then size of the Network. From this point, it became clear that the leave-behind entity's focus should be primarily on business development for the members, but with limited restrictions on the number of consulting fields, interests, and countries present in the Network. In this way, the size of the Network, the number of services, and the geographic spread of the Network would all increase, adding significant value to the Network. Finally, given this framework, most Partners also agreed that they would be ready to pay some of the costs of a full-time network coordinator, but not a full-fledged office in Budapest, as they felt that it was too expensive a place for simple network coordination. As a result of these findings, Partners agreed that the Network would aim to become a one-stop consulting solution provider to both internal and out-of-country clients throughout the CEE region. This drive was also supported by the idea of a modest membership fee, greatly increasing the membership, and instituting a success or finders fee for new business brought in by the Network and its coordinator.

*A sample copy of the research questionnaire can be found in Appendix 5.*

Following the Network Meeting that took place in May 2004, and the decisions that were reached during that meeting, the TRADE Network undertook a series of actions that were designed to lead to a successful transfer of ownership of the Network. First and foremost,

in order to make the Network's ideas more real, the project enlisted the services of two VEAs, both of whom had experience crafting business plans for like-minded organizations and networks. Having recruited them, TRADE staff then spent the next few months crafting a business plan for the Network that laid out the vision and the structure of the organization, what the organization would do to accomplish that vision, and how much funding would be needed to make that vision possible. Although there were doubts as to the feasibility of this new organization on the part of the VEAs, they also realized that this new organization would be filling a niche that no other organization could provide.

With all this in mind, the TRADE Network had its final USAID-funded Network Meeting in September 2004. At this meeting, although one of the foci was to formally close the TRADE program, the primary focus was to discuss the business plan that the VEAs had developed with the Partners, and then hope to receive their buy-in. By using this last point as a measuring stick, it was clear that this final meeting was quite successful, as all 11 Partners that attended the meeting (as well as 15 others that did not attend)<sup>1</sup> agreed to formalize their cooperation and continue network activities with a new focus on business development by founding the Thyse - European Consulting Network, a one-stop-shop consulting solution to all clients interested in doing business in Central and Eastern Europe.

***b) Registration of Thyse***

As a result of this initiative and overwhelming approval, Thyse was registered in Zagreb, Croatia in early October, 2004 (by CM-Expert staff) as an association of consulting firms and other professional services providers in the CEE region. Croatia was chosen as the official host country for the relative simplicity and low registration costs. However, while the organization was registered in Croatia, the association opened a representative office in Budapest, Hungary, where all coordination of the network would be run by Sandor Geszti, who was elected to the position of network coordinator by the founding members of Thyse at the final TRADE Network Meeting.

***c) Goals of Thyse – European Consulting Network:***

As stated above, the primary focus of Thyse, at least initially, is to identify new opportunities and develop new business both inside and outside of the network. As such, the network coordinator was tasked with the responsibility of meeting this goal. More specifically, the coordinator would:

1. Identify tenders from international financial institutions and other tendering sources;

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<sup>1</sup> These Partners that attended the Meeting were: eNsight, BDG, and Quantum Leap from Romania; Hendl, CM-Expert, Perpetuum Mobile, and Spona from Croatia; AAM, Human Telex Consulting, and DBM Career Consultants from Hungary; and ConsulTeam from Bulgaria.

Those Partners that did not attend, yet expressed interest in Thyse were: Advance, E-Szog, and IPD Europe from Hungary; Business Center Serdon, Expo Team, Financial Consulting Group, Market Test, and Totev & Ivanov from Bulgaria; ContExpert, Compass, Daedalus, Stefanica, Dutu & Partners, and Total Business Solutions from Romania; and Argument from Serbia.

2. Classify opportunities based on member capabilities and notify members;
3. Organize, manage, and facilitate the bidding process on behalf of any group of members or individual members;
4. Represent members and/or groups of members to all potential clients: joint marketing, promotion and PR;
5. Develop better internal communication and business cooperation among partners;
6. Facilitate information and knowledge sharing, particularly through coordinating staff exchanges between members;
7. Facilitate knowledge mapping;
8. Coordinate and sell packaged product development;
9. Support and coordinate new member recruitment activity, both in existing member countries and externally (identify and bridge gaps in network service offering matrix, support members in criteria setting and logistics of recruitment);
10. Manage the content of the Thyse website;
11. Establish and participate in strategic selling activities;
12. Coordinate and manage all the legal and marketing issues of the network;
13. Obtain funding to partially cover operational costs of the Budapest representative office and other non-profit network activities; and
14. Establish a reporting structure to the network Board.

In order to measure achievement of the activities for which the Network Coordinator would be held responsible, the network agreed upon a series of three target results, which can be found here:

1. To have new 20 projects in the sales pipeline by March 31<sup>st</sup>, 2005
2. To facilitate sufficient amount of new business a percentage of which will sustain coordination office costs by December 31<sup>st</sup>, 2005 for the network.
3. To raise EU funding for network operational costs.

In addition to the goals of the Network Coordinator, Thyse Members also agreed to meet the following goals, so as to ensure their participation in the startup of this association:

1. Perpetuum Mobile had to coordinate the redesign and the registration of the Thyse website (<http://www.thyses.com>). The costs of hosting and technical support of the site will be an in-kind contribution for the start-up period (6 months ending on March 31<sup>st</sup>, 2005). Perpetuum Mobile offered a discounted service rate for the same services after the end of the start up period.
2. eNlight provided its proprietary service resource and performance monitoring software to the network enabling all partners to monitor the coordinator's performance online.
3. AMM offered to provide free training to the coordinator in proposal management at their company offices specializing in this activity.
4. All partners committed to develop new partner selection criteria by October 15, 2004.

5. All partners committed to recruit 2 new members per country per quarter until all the gaps are filled in the network's joint services matrix.
6. All members agree to submit their menu of services to the coordinator by October 1<sup>st</sup>, 2004.
7. All partners agreed to submit updated company specific information for the purposes of the new Thyse website by October 1<sup>st</sup>, 2004 to Perpetuum Mobile.
8. CM-Expert and Spona jointly agreed to coordinate the visual corporate identity design and finalize it by October 15, 2004.
9. All partners agreed to define terms and conditions of the sales pipeline for the startup period of the network (6 months ending on March 31<sup>st</sup>) for the coordinator by October 1, 2004.
10. All partners agreed to form work groups of related business functions and start cooperation and knowledge sharing in those areas.
11. All members agreed to annual dues in the amount of 500 EUR, which is payable by January 1, 2005.
12. All partners agreed to pay a 3% commission on in-network transactions and a 5% commission on transactions coming from outside the network to cover the cost of network coordination operations. Transactions can include but are not limited to products and services sold.<sup>2</sup>
13. All partners agreed to join as members the umbrella association (registered in Zagreb, Croatia) with a representative office in Budapest, Hungary by September 30<sup>th</sup>, 2004.
14. All partners agreed to share information and cooperate with each other and the coordinator to ensure success of all joint network efforts.

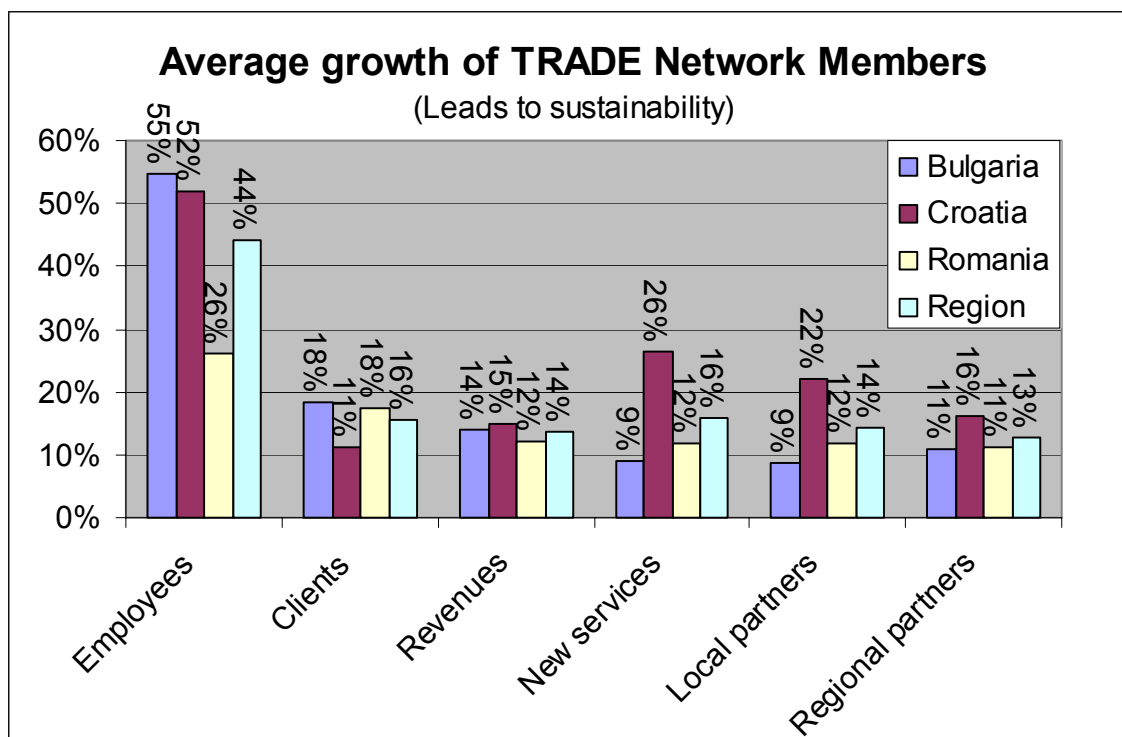
In addition to these specific activities, founding members also offered to contribute a EUR 500 start up fee by October 1, 2004 in order to cover initial operating expenses through December 31, 2004. Moreover, members agreed to pay annual dues in the amount of EUR 500 per company, in order to subsidize the operations of Thyse.

## **F. TRADE IMPACTS AND RESULTS**

### ***a) Growth of TRADE Network Partners:***

Despite the many challenges and constraints the project faced, TRADE was successful in its goal of developing a sustainable and responsive regional network of consulting companies. TRADE Network members expanded their staff by an average of 44% and saw their client base grow by 16% and revenues by 14%.

Partners attributed much of this growth to TRADE's focus on networking, assistance in improving their internal operations, and helping them to reorient to the SME sector, and access new regional markets.



*The impact of the TRADE project on each member can be found in Appendix 6.*

**b) Fees Earned and Money Saved by TRADE Partners:**

Over the life of the program, beneficiaries realized at least \$3 million in earnings and savings. This is an impressive number given that the project itself only received \$3.475 million. Moreover, these are reported by the direct beneficiaries to the program, the consulting companies comprising the TRADE Network. Consequently, the benefit to the SME clients Partners serve is expected to be a multiple of that amount. A table showing the breakdown of these numbers is below.

*For a detailed report on the fees earned and money saved by TRADE Partners and their clients as a result of the TRADE program and TRADE VEAs, please see Appendix 7.*

TRADE Network earnings and savings as a direct result of the program.	\$1,787,000
Value of VEA Advisors Services (Includes fees donated and materials donated)	\$1,167,167
Grants awarded	\$76,589
<b>TOTAL savings and revenues</b>	<b>\$3,030,756</b>

The first number is an aggregate of earnings and savings reported by the TRADE Network member companies. The second and third numbers are reported by the program.



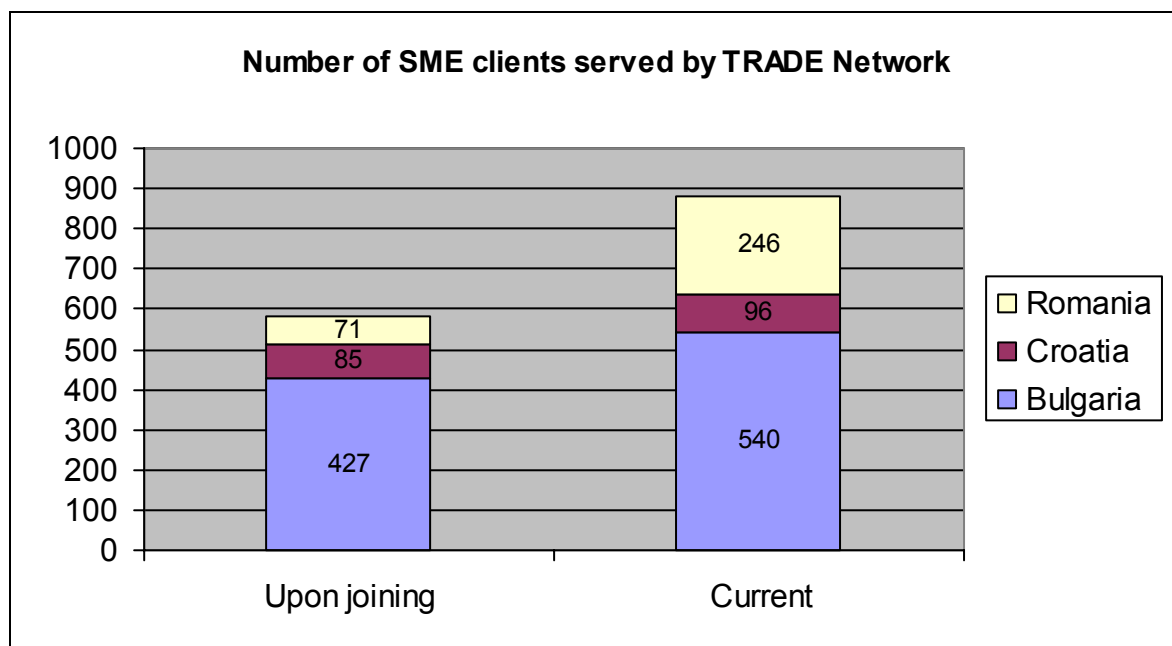
***c) Improved Quality of Products and Services:***

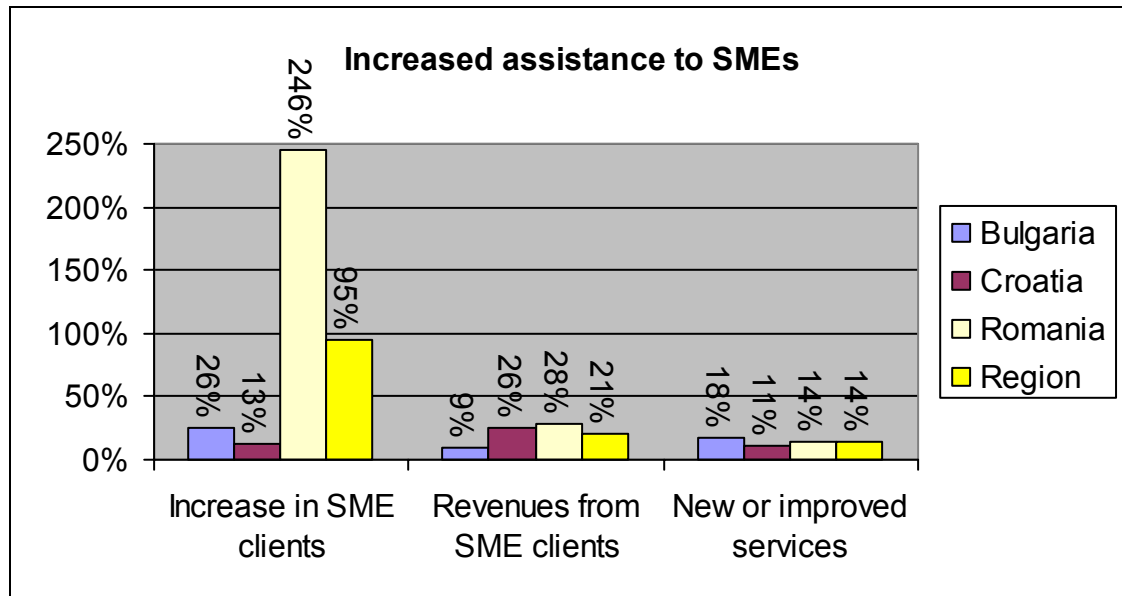
The TRADE Network assisted SMEs by improving the availability of high quality business services and helping them access new markets in the region. As detailed thus far, to improve the availability of high quality business services, the program created a Network of strong local consulting companies (SMEs themselves) who were already providing high quality services.

The tables below show that the program's efforts in Phase One yielded the following results in terms of improving the quality of products and services of Network consulting companies:

- The number of SMEs served by TRADE Network members grew by 51% from 583 to 882 companies.
- Members increased the number of new services by an average of 14%, and saw the share of their revenues from SMEs increase from almost zero to 21%. This is an average result per member company. The aggregate result due to the addition of new members in the Network is much higher.

Initially, it was reported that the lion's share of revenues came from large and multinational clients. However, this had an indirect benefit to SMEs as Network members were able to use their higher earnings from the large companies to invest in the education of staff and marketing to smaller companies. In addition, these large multinationals required high quality standards, which in turn forced the TRADE companies to improve their own quality in an active manner. As a result, their SME clients also received these higher quality services.





*Examples of new and improved services for SMEs*

Many TRADE Network Partners availed themselves of the expertise provided by VEAs. During quarterly meetings, the Partners repeatedly made the point that the VEAs were crucial to their ability to create new products and services or operate more efficiently to better help their SME clients. For example, the combination of VEA assistance and access to small grants netted Croatian Partners nearly \$12,000 per company, and Romanian Partners averaged \$22,000 in revenue or savings. These numbers are all the more impressive considering the impacts that VEAs had on TRADE Partner companies.

Below are some examples of new and improved services that were provided to SMEs as a result of the TRADE Network.

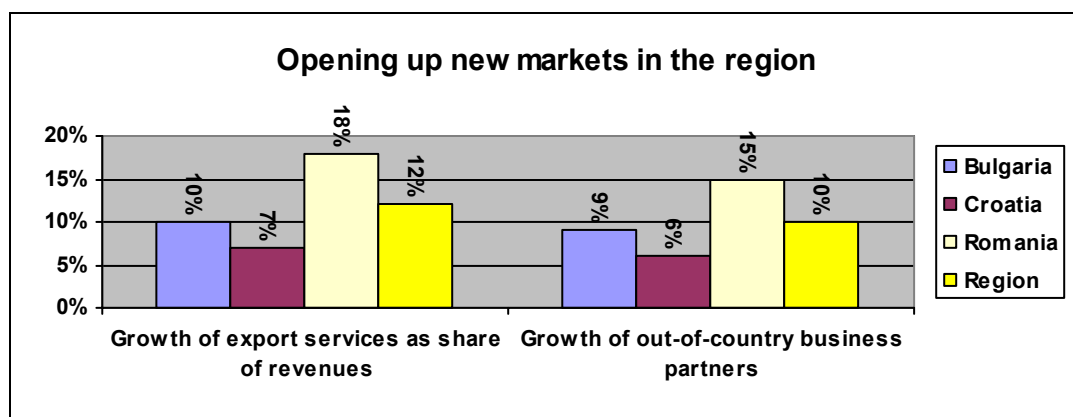
- A \$5,000 grant to Bulgarian Market Test allowed the company to provide the internationally recognized Target Group Index service which makes market research affordable to SMEs.
- TRADE helped CM-Expert become ISO 9001 certified and the company quickly established a department that now guides other Croatian SMEs on becoming ISO 9001 certified.

***d) Partner Cross Border Collaborations***

As indicated earlier in the report, one of the desired outcomes of establishing a cohesive Network of consulting companies was the positive effects of cross border collaborations. Whether cross border collaboration took the form of purchasing consulting services from contacts made in the TRADE Network, exchanging market information and knowledge or client referrals, both the SME client and the Partner gained valuable market

experience, creating a stronger regional impact from each business interaction. Most importantly, continued and sustained collaborations ultimately opened the Partners up to new regional markets, positively affecting their bottom line and thus, the bottom line of their clients. Finally, the trust that was built within the Network translated directly to their SME clients, as an SME from Bulgaria that was seeking to expand to Romania could be given trustworthy contacts in that country from a TRADE Partner.

As the table below illustrates, each TRADE Network member increased the revenues they received from regional work by an average of 12% and saw the number of out of country business Partners increase by an average of 10% since the joining the Network



***e) Collaboration between TRADE Partners in the Network***

The table below shows the collaboration between companies in the Network on their own behalf and that of their clients from January 2002 to June 2003. It is interesting to note that while one of the principal reasons for establishing the Network was to promote cross border collaboration, it has been quite successful in encouraging Partners to work with other Partners located in their home country..

	Bulgaria	Croatia	Hungary	Romania
Bulgaria	8	22	3	15
Croatia		19	5	16
Hungary			0	8
Romania				16

**Examples of Cross Border Collaboration**

As indicated many times in this report, the levels of cooperation and trust among TRADE Partners throughout the region reached a point where the Network became an important channel of new business development for nearly all members. In particular, there was explosive growth in cross-border business relations and business referrals amongst the Partners. Bulgarian Partners reported that they had more than twice as many international business Partners as domestic, while Croatian Partners averaged nearly

\$6,000 in savings from TRADE Partners. And in Romania, Partners saw over \$4,000 in savings through working with other Romanian Partners.

Below are some examples of cross border collaboration between TRADE Partners that were facilitated by the Network of the program. *For an illustrative Partner collaboration table and additional success stories, please see Appendix 8.*

- CM-Expert collaborated with partners in Bulgaria to win contracts for the building of the new US embassy in Sofia, Yerevan and Baku. Resulting in the win of the Sofia bid.
- Hendl in Croatia and Market Test in Bulgaria helped Compass Consulting Romania complete a feasibility study for a \$16 million project in Romania for a Swiss client in the furniture industry.

***f) Results of Thyse since the end of the Program***

Thyses took off rapidly in October 2004 with the founding members being active promoters of the network in their own countries. This is particularly apparent in Croatia and Hungary, where Partners continue to work well together as more and more joint project opportunities arise with Croatia's upcoming accession to the EU. For example, the largest Hungarian retail bank, OTP has recently bought Nova Banka, the 5<sup>th</sup> largest commercial bank of Croatia. The Network Coordinator, through directions from the Croatian Thyse members, approached OTP Bank with an offer for joint services from the Croatian partners, which is now in the evaluation stage.

As mentioned earlier in the report, the Network Coordinator was responsible for meeting three specific goals that were laid out by Thyse members at the last TRADE Network Meeting:

1. To have new 20 projects in the sales pipeline by March 31<sup>st</sup>, 2005
2. To facilitate sufficient amount of new business a percentage of which will sustain coordination office costs by December 31<sup>st</sup>, 2005 for the network.
3. To raise EU funding for network operational costs.

Thus far, these goals have not been fully reached. For while joint public relations, representation, and marketing are working, other activities remain on a minimal level. In addition, though there are a number of new projects, the total number is below target. And finally, Thyse has been unable to acquire the EU funding that they expected to receive after USAID funding ceased.

Unfortunately, the principal reason for the goals not being met is the lack of commitment that has been shown by the Members, particularly against the 14 targets that were agreed upon at the final TRADE Meeting (listed earlier on pages 22-23). Specifically, they have not been very active in delivering on their commitments to develop new member criteria, recruit new members to the association, or even provide updates on their own companies, which has led to a relative slow-down of network activities. Finally, and perhaps most important of all, the fee and dues commitments that were made by members have not

been followed through with 100% payment. As a result, the resources of the Network Coordinator have been severely limited, which reduces the amount of work and benefit that he can then provide to the operations and development of Thyse.

## **G. CONCLUSIONS AND RECOMMENDATIONS**

### ***a) Challenges and Lessons Learned***

#### **1) Using MBA Enterprise Corps Members**

In the year that the TRADE Network used MBA Corps Members, there were two principal challenges that the Network had to overcome. The first challenge was that the Corps Members had to manage working with a large number of “clients”, who all had a diverse range of tasks and projects that needed to be completed quickly. In many respects, this was due to overexcitement of being able to take advantage of the skills that each of the three Corps Members brought to their countries. To resolve this problem, TRADE Network Staff set up a weekly reporting system for the volunteers, while also creating a more formal feedback process for the recipients themselves

The second challenge arose due to cultural differences on the part of the Corps Members. In particular, there were often complaints of how the Corps Members provided observations and recommendations to company management, in that they were not doing it in an appropriately polite way, especially considering the age difference between the Corps Members and the company managers. This, unfortunately, was somewhat of a struggle for all three Corps Members, as they never could get past their training that told them to be direct and honest when doing consulting work.

#### **2) Relations between Regional USAID Programs and local USAID Missions**

As indicated in the introduction, the TRADE Program was funded directly by the E&E Bureau of USAID. However, it was never the intent of the Bureau to be the sole funder of activities, as it was always expected that local USAID Missions would eventually buy into the program, once they saw the results that were occurring. In fact, the project submitted proposals to each of the Missions in which they had a presence, and received numerous indications that there would be funding made available for the program.

Unfortunately, Mission funding never materialized. From the inception of the program, there was always doubt in the mind of the Missions that the TRADE Program would benefit their local programs and objectives, especially given its regional focus. As a result, interaction and cooperation with Missions remained at the limited level of information sharing, when it could have been much more. Thus, in future regional programs, it would be valuable to encourage local USAID missions to support and embrace regional economic development programs in their respective territories, even if it does not produce equal results in each country.

### 3) Building Sustainability into the Network

As evidenced in the results that have been seen since USAID funding ceased, this has proven to be one of the most difficult challenges that the program faced, and will continue to face for at least the next few years. Looking back at what actions led to this point, it was clear that there are several lessons to be learned about what should be done in future programs that have similar goals.

#### *Early planning of partners' contribution is essential*

When the TRADE project entered into the second phase of the program, where sustainability was the key marker, the project relied solely, and had been relying solely, on funds received from USAID. In retrospect, this was a mistake, as the program should have focused on collecting a membership fee, no matter how small, from the beginning of the program to ensure that members understand that they cannot be free riders. In addition, fees received from members are important operationally as well, as donor funding can be gradually diminished as the network grows, thereby ensuring a smooth and gradual transmission of ownership.

#### *Trust takes time and even more time to build*

Especially in underdeveloped markets, distrust is one of the most important obstacles to solid business and economic growth. Trust, although it was not defined as such among the original project objectives, has been the hardest core objective to reach behind all TRADE objectives. As mentioned, through the Network, cooperation started and developed naturally within the membership, yet potential collaborations and cooperation that seemed make good business sense could not be enforced or even suggested due to different cultural and other human factors. In fact, it took nearly 10 quarterly network meetings to bring the company leaders to a point, where they became open about their problems, their challenges and victories in the rough waters of doing the consulting business in Eastern Europe. Some network members still, at the very last quarterly meeting, viewed the network as a closed business club of the privileged, which was obviously a communication failure on one part, but it was also a measure of the mentality and cultural differences any similar project will have to deal with in Eastern Europe. It was definitely worth the effort; however the TRADE team felt that with more time and resources longer-lasting impacts could have been reached.

#### *Broadening the scope of the Network*

Beyond the time required to build trust within the network, another challenge was the amount of time it took to expand the network, both geographically and in diversity of services. As indicated in the discussion about Phase 2, performing this expansion was one of the major goals that the Members designated when they agreed to form Thyse, as the association could not truly be a one-stop shop for consulting within the region without it. Moreover, with more members in more countries, this would spread the financial burden of maintaining and developing the association across more companies, thereby reducing the overall cost.

Unfortunately, as seen in the results post-Phase 2, the process of adding more members has hardly advanced, which puts more stress on the existing members.

### *Better Long-term Planning*

This challenge certainly encompasses all of the previous challenges, yet in some respects there are specific lessons learned that need to be cited. First and foremost, with better long range planning, Partners could have begun paying membership fees earlier, and the Network could have been expanded well beyond the 26 Partners that made up the Network. However, to a certain extent, it was difficult to do longer term program planning. More specifically, the funding decisions to extend (and lack thereof on behalf of the Missions) were always given within one or two months of the previous termination date. Then, this had the result of creating a mindset within the Partners that USAID funding would always come in at the last minute. In fact, the final decision that USAID would not extend the project further came as quite a shock to the Partners. All of which resulted in a lack of urgency in the Partners' minds of what they had to do to make the Network sustainable

### ***b) Suggestions for similar projects in the CEE region and elsewhere in the world***

The TRADE concept is viable, though some modifications are necessary to make its results sustainable. However, the following basic suggestions may work anywhere:

- Help those firms that value receiving assistance and will be able to share their knowledge with other companies;
- The selection of initial members requires at least 6 months of very careful discussions;
- The sectoral break-down of members has to be very precise and well thought-out to ensure the internal logics of the network later;
- Competition should not be avoided within the network, for as Michael Porter suggests, it is vital to the sustainability and competitiveness of the network;
- Specific growth objectives should be set at the very beginning of the project in terms of membership numbers;
- The budget and planning process should be open to all members from the onset so that they understand the role and weight of donor funding and their own growing responsibility in taking over that role;
- Grants should focus on helping companies participate in Western conferences and symposia where they can join with other sectorally similar firms;
- Export and import promotion within a given region should be an integral part of the project's objectives;
- The geographical scope of the project should be clear and well defined along economic and historical interests;
- VEA assistance should be made more expensive for recipients;
- VEA assistance should specifically include market penetration assistance to Western markets;
- A library of business literature in English should be started at the very beginning of each program that all members could tap into;

- A central meeting place in each program country should be designated for each country-level meeting with rules of how meetings should be conducted, including rotational presidency in each country;
- EU or other regional donor funding should be investigated from the beginning of each project to ensure multi-lateral support for a multi-lateral development cause.
- Finally, the considerations and the suggestions of the members should be taken into account from the very beginning of any project, with the emphasis being put on their ownership of the network from the very beginning.

## **Conclusion**

As stated in the introduction, the objective of the TRADE project was to promote the development of small and medium sized enterprises (SMEs) in the region and increase the volume of exports and cross-regional trade through the capacity building of a Network of promising local consulting companies from Bulgaria, Croatia, and Romania so that they could better serve and support the SMEs in the region. Regarding the achievement of this objective, it is clear that even though the project was faced with serious challenges, particularly in ensuring the sustainability of the Network, there were dramatic results that illustrated the success the project had in attaining its objective. More specifically, as a result of the TRADE Program, Partners gained new products and services for their markets, served much higher numbers of SME clients, cooperated and collaborated with other Partners both in-country and cross-border, developed the skills of their consultants, improved the management of their companies, obtained quality certifications, developed the trust necessary to build and maintain a Network and most importantly, increased their sales and revenue. In addition, as a result of improving themselves, the Partners are better able to serve the demands of the SMEs within the CEE region. Finally, as a result of all of these accomplishments, the reputation of the consortium and USAID within the regional business community has grown ever higher, which will make future efforts by both organizations more effective.

## **H. APPENDICES**

*Appendix 1: TRADE Partner Company Descriptions*

*Appendix 2: Illustrative Report on Network Expansion*

*Appendix 3: List of TA Interventions and Selected Success Stories*

*Appendix 4: Grant Project Descriptions, Sample Success Story, and Lessons Learned*

*Appendix 5: Sample Copy of Research Questionnaire*

*Appendix 6: Impact of TRADE Program on Partners*

*Appendix 7: Fees Earned and Money Saved by TRADE Partners*

*Appendix 8: Illustrative Partner Collaboration Table and Success Stories*



# Appendix 1 – TRADE Partner Company Descriptions

## Bulgaria

### **Business Center SERDON (BCS)**

Business Center SERDON (BCS) is well known in the Bulgarian business community and has extensive experience working collaboratively with a variety of companies. Consequently, it is the Coordinating Partner for the Network in Bulgaria, spearheading joint activities in the country. The company facilitates foreign direct investment, organizes events, and has a strong freight forwarding division.

Through the TRADE Network, Business Center Serdon has teamed up with CM-Expert, a Croatian Project Management company, to bid on two US government projects to build new embassies in Yerevan and Baku. The company also collaborated with CM-Expert and BDG in Romania to produce a booklet on financing opportunities in the three countries for SMEs. In addition, with the help of various US Volunteer Expert Advisors, the company has been improving its internal sales force and is creating a new service in events management.

### **ConsulTeam**

One of the founding partners for ConsulTeam worked for McDonalds in Moscow, learning first-hand how to run an efficient, customer-friendly international operation. He and the other partners, with similar experience in international firms, established ConsulTeam as a local resource for Bulgarian companies ready to reorganize, restructure their staff, set up efficient operations and implement international standards for performance and human resource systems.

Several months later, ConsulTeam signed a strategic alliance with one of the new Bulgarian TRADE partners, Totev & Ivanov, which specializes in legal services, to market themselves to a number of Bulgarian companies that need assistance in restructuring as they are privatized. Together, they have been able to beat out foreign competitors for such prestigious clients as Innogy, a leading UK energy company. ConsulTeam also worked with a VEA to improve their organizational development services and add several new products, including HR due diligence. The VEA also helped ConsulTeam market their new services to several new clients.

ConsulTeam received a grant from TRADE to help it open a branch office in Belgrade, Serbia. In partnership with local professionals, ConsulTeam staff is working hard to train the Serbian staff. With the grant, ConsulTeam conducted initial marketing and registered the office much sooner than they otherwise would have, introducing new services to a new market and reaping the benefits of cross-border collaboration. After only three months of operation, the office broke even, and is now beginning to show a profit. ConsulTeam has offered other TRADE Partners the use of its Serbian base to expand their own operations in the country.

### **Market Test**

Market Test is the top locally-owned market research company in Bulgaria. They are on retainer with most of the leading consumer research companies, including Neilsen Ratings, and offer a wide-range of products and services based on international best practices. Their new focus on SMEs is one major reason they were selected to participate in the Network.

Market Test has referred several potential clients on to other partners in the Network, including one to the Bulgarian financial services company, Bulbrokers. Market Test is also one of the first companies contacted by foreign entities interested in doing business in Bulgaria, and thus is in a good position to make referrals. Often these referrals are reciprocated when the foreign company reaches the consumer behavior research stage. Through TRADE, Market Test can now lead a regional consortium of local market research companies to conduct multi-country research.

### **Totev & Ivanov**

Totev & Ivanov has established excellent relations with international and Bulgarian companies. It has provided a number of leads to the other domestic companies as well as to other enterprises in the region. The company has developed a set of joint services together with ConsulTeam that provides both additional revenues to the companies and value added to their clients in the fields of Human resources, legal and financial due diligence. In addition, they have been actively referring their clients to other companies in the Network providing complimentary services in fields such as Market Research and Project Management.

With the help of the MBAEC volunteer, they developed marketing materials, a web site, and most importantly, a time tracking and billing system. Their affiliation with Business Center Serdon and help from the MBAEC volunteer, led to a new contract. Totev and Ivanov are currently working with one VEA lawyer from the US who is helping them to improve their internal operations and client services. Over the next few months they are expecting two more Volunteer Expert Advisors, one specializing in international taxation issues, to hone their abilities further. The end result is better and expanded services to local clients.

### **Bianor**

Bianor is a full-service software development and consultancy company that focuses on interactive web-based and mobile solutions. The company works with local and international clients around the world to design, create, and implement complex Internet solutions that add significant value to their business. It is one of two new Partners in Bulgaria chosen by a special committee comprised of TRADE staff and TRADE Partners from Bulgaria along with a Croatian IT Partner company.

Since the company is new to the Network, it has only now begun to explore the benefits of the TRADE program. However, during the last conference (December 2002, in Budapest), Bianor already identified a potential business partnership with a Romanian IT company, eNsight. They plan to work together to provide 3G Networking to several mobile operators in the region. In addition, Bianor has applied to create the website of another TRADE Network Partner, Totev and Ivanov. Furthermore, the company has requested three Volunteer Expert Advisors to provide assistance in the coming months and two of them are already scheduled for January and February.

## **Expoteam**

Expoteam is another new TRADE Network member in Bulgaria.. The company specializes in organizing trade shows and exhibitions such as the Sofia Motor Show, Kids Paradise and Home Techno. Expoteam is interested in using the Network to promote Bulgarian companies in other countries in the region, and regional companies in Bulgaria. They have offered to co-sponsor an exhibition of TRADE Network Partners and their clients in Sofia at the end of March, 2003; a proposal that is being considered together with the Commercial Service and the Cultural Attaché of the US Embassy. Currently, they are working with Volunteer Expert Advisor to help them further improve and expand their exhibitions and trade shows.

## **Croatia**

### **CM-Expert**

CM-Expert is well known in the Croatian construction industry and has extensive experience working collaboratively with a variety of companies. They were one of the first companies in TRADE to be asked by its clients to use the Network to help them find partners in neighboring countries. Through TRADE, CM-Expert found a counterpart company in Bulgaria and together they won a contract from the U.S. State Department to oversee the project management for the new embassy in Belgrade. CM-Expert has volunteered its expertise and is training some of the other Partners in the network on Project Management techniques. In addition, through the introduction they received from TRADE to GTN they have concluded three successful deals.

### **Ekonerg**

Ekonerg specializes in environmental assessments, site selection studies, energy efficiency audits, materials testing and other support to the construction industry. Before being privatized, it was a state institute working for the Electric Utility of Croatia. After privatization, it had some success contracting with foreign companies, but faced myriad challenges as well.

As a result of TRADE, Ekonerg is bidding with CM-Expert on several projects. They have targeted SMEs as good potential clients for their services. Through the TRADE Network Ekonerg has expanded its offerings to computerized facilities management by having some of its staff certified internationally. In addition, the company is helping train (for a fee) Bulgarian engineers at their facilities, an opportunity identified by ConsulTeam, a TRADE Partner in Bulgaria.

### **Consensus**

Consensus prides itself in not being a law firm, rather a business consulting firm that provides a wide range of business and legal services, particularly related to international transactions. By including Consensus in the Network, all of the Partners and their clients have access to services related to structuring and negotiating business deals as well as a wealth of contacts with foreign companies in the region. The clients of Consensus, in turn, have been introduced to other Croatian, Bulgarian, Romanian and Hungarian business service firms with the same high quality of services. The head of Consensus was instrumental in establishing the American Chamber of Commerce in Zagreb as well as the Women's Lawyers Association. She is also taking on a leadership role with the TRADE Network.

Through TRADE Consensus has been able to access the latest M&A information by receiving grants to attend conferences on the topic in the area in Europe and the US. Consequently, they are now swamped with work in Croatia in this new and growing field.

### **Hendal Global Market Research**

Hendal is a sophisticated Croatian market research company, facing tough competition from foreign competitors, including Gallup. Hendal provides a variety of market research services, including brand management, customer satisfaction measures and product concept research. TRADE's Bulgarian market research company has introduced Hendal to a new methodology for advertising research and helping it get licensed to provide this product in Croatia.

Hendal believes its services are more affordable than those of their foreign counterparts, and thus they are more likely to serve SME clients. It also has a mission to educate Croatian companies to appreciate the

value of market research as they define their target markets, their products and services and how they set their prices. Hendaal has already benefited from referrals from the TRADE partners in Romania and Bulgaria interested in the Croatian market. Hendaal is also in a good position to make referrals of its clients looking for other business services in Croatia to the other Croatian TRADE partners since companies often contract first for market research. For example, Hendaal introduced an Italian importer in need of legal services to Consensus.

### **Perpetuum Mobile**

Perpetuum Mobile is a Croatian IT/Internet company with head office in Zagreb. The company has provided IT solutions and services to customers since 1989. Its main area of service provision is Internet-related, particularly Internet infrastructure, development of Web systems and e-business. Perpetuum Mobile began implementing Internet business systems at the end of 1997 by opening the first Web shop in Croatia, based on its own development solutions. Through work and investment during the next several years, the company has developed its own product, Perpetuum Mobile iShop. This product, based on the Microsoft .NET platform, can be used as basis for B2C and B2B systems of Internet business.

Through the TRADE Network Perpetuum Mobile is licensing its products for sale in Bulgaria through TRADE Partner, Bianor.

### **Moj Posao**

Moj Posao is currently the only internet-based job search site in Croatia, the country's Monster board. Using the on-line tools provided by Moj Posao, hiring companies are enabled to find quality job candidates more efficiently. Job posting on Moj Posao is free of charge; however for more competitive companies, Moj Posao offers services such as highlighting and prioritizing ads, featuring employers of the week, job of the week, banner advertising and offering direct assistance to companies wishing to peruse their database. Moj Posao's database includes over 6,500 resumes, spanning skill sets from recently graduated MBAs to senior-level executives. Moj Posao receives 5,000 hits per day on its website. Under the name Selectio, Moj Posao's sister company, it also offers executive search and various recruitment-related HR services for paying clients.

Through TRADE Moj Posao is currently negotiating a joint venture agreement with ConsulTeam of Bulgaria to bring new and more sophisticated HR consulting know-how to the Croatian market.

### **Status Grupa**

Status Grupa is an advertising agency founded in Zagreb in 1994. Status Grupa's experience spans all of the marketing activity segments including: market research, designing visual communications, advertising campaigns, PR, exhibitions and trade fairs, printing, packaging design, corporate identity design, media space planning and buying, development of financial and marketing plans, and consulting. Status Grupa began working with mainly domestic clients, then partnering with J.W. Thompson for two years. Their major clientele consists of international companies such as Microsoft, Ford, Compaq, Intel, Cisco, Gorenje, HBOR and the Croatian Ministry of Environmental Protection and Physical Planning as well as other local Croatian companies.

Although they joined the TRADE Network recently, Status Grupa is already reaping the benefits of the Network and have been asked for proposals from other Partners, including Ekonerg. In addition, they are working together with Hendaal Market research to create joint products.

## **Romania**

### **TBS – Recruitment**

Total Business Solutions started in 2000 as HR consulting and Recruitment Company with a staff of four and has to date grown to be one of the key players of the extremely volatile Romanian HR consultancy market. The company's areas of specialty contain consultancy (privatization, job description evaluation, salary surveys, head-hunting, personnel evaluation, PR Services, and Career advice/Career orientation). TBS has several multinational clients. Recruitment is from university degree entry level to top management.

The firm has been a member of TRADE since December 2002 and made contacts with other Romanian and regional partners, especially with ConsulTeam in Bulgaria with whom they are negotiating a joint venture agreement.

### **DAEDALUS Consulting – Market Research**

Daedalus provides consumer and business-to-business quantitative and qualitative marketing research services, as well as marketing strategy recommendations to various industries in Romania. The company was established in 1996 by a Romanian MBA with a background in the aviation industry. This young, creative organization has experienced 120% annual revenue growth since its beginning. With 40 full-time employees, including 6 employees located in satellite offices in Romania, and access to over 600 collaborators, Daedalus has achieved high recognition within Romania as one of the top five market researchers. Daedalus also provides marketing strategy to assist clients in formulating appropriate marketing decisions. The firm is a member of the American Marketing Association and the European Society for Opinion and Marketing Research (ESOMAR).

Through TRADE they have utilized the expertise of numerous Volunteer Expert Advisors, and they report that the savings and revenues realized to be over \$250,000. In addition, they are working together with Market Test in Bulgaria to approach multinational clients jointly on a regional basis, and are exchanging employees (through a TRADE grant) to learn from each other.

### **Business Development Group (BDG)**

BDG provides consulting in a variety of functional areas including business development services, matchmaking, market research, marketing, and general management. BDG believes that creating structural employment, involving diversification of economic activities and implementing new businesses are the best pro-active measure for developing self-sustainable economic activities in Romania. BDG grew from a bilateral assistance program that began in Romania in 1994. Formally started in 1998 as BDG after the program concluded, the firm now employs seven full-time consultants. BDG has maintained strong ties with many firms in The Netherlands while building a solid client base in Romania, the UK, the US and all of Europe. With expertise in manufacturing processes, agribusiness, transportation, construction and environmental protection, BDG takes a “hands-on” consulting approach with all clients.

Through TRADE BDG has conducted a number of cross border “match making events” including one between Hungarian and Romanian clients that was conducted jointly with another TRADE Partner, IPD. In addition, they spear headed the production of the “Financing Handbook for SMEs” that was produced together with the Coordinating Partners in Bulgaria and Croatia.

## **COMPASS Consulting**

COMPASS CONSULTING provides services in a variety of functional areas including market research, industry overviews, financial and accounting services, specialized training programs and seminars, feasibility studies and other analyses. Compass Consulting was established in 1992 to assist Romanian Small and Medium-sized Enterprises. Started by Constantin Turmac, who earned his MBA from a Romanian-based Canadian University, Compass employs nine full-time managers who recruit additional consultants when needed. Compass is a member of the American Marketing Association and is proud of the experience accumulated from over 300 projects in 10 years.

Through its involvement in the TRADE Network the company has been able to successfully complete a \$16 million feasibility study by receiving market information from Partners in the other countries. In addition, together with Daedalus and BDG in Romania they have completed two more local feasibility studies.

## **DC Communication**

DC Communication is a professional team providing to its clients the highest quality integrated PR and communication services and value-driven solutions, using both traditional instruments and cutting-edge techniques. DC Communication started in 1995 in a double-room apartment with 3 employees. It now has a modern headquarters placed in the old area of Bucharest, a 30-people strong team and a wide portfolio of on-the-project collaborators. Its turnover has increased annually topping 1 million USD in 2001. DC Communication is more than a solid PR company. DC Communication is, first of all, a dedicated team of professionals, experimented through more than 7 years of activity, thus generating a common and almost unique spirit that makes the communication job smooth and the work a real pleasure.

DC Communication creatively combines traditional and cutting-edge techniques in various domains and fields, while the services offered by the company wrap up an extensive range of themes, from research, analysis, strategy elaboration to media relation, monitoring, event organization, multimedia support, graphical concept and design. Together with Stefanica, Osmani & Partners it is one of the newest additions to the TRADE Network joining only in March 2003.

## **Stefanica, Osmani & Partners**

Stefanica, Osmani & Partners is a leading Romanian law firm founded in 1997 by Daniel Stefanica and continues to grow and expand. Today, with over 35 attorneys in its two Romanian offices, and planning its future Balkan expansion, the firm is one of the largest in the country. One of their partners is a Columbia Law School educated New York attorney with substantial international experience.

With a strong reputation for understanding complex transactions, Stefanica, Osmani & Partners is regularly sought out by international clients who do business around the clock. Their attorneys speak fluently seven European languages. The company is one of the newest Partners in the Network, having joined in March 2003.

## **Appendix 2 – Illustrative Report on Network Expansion**

### **REPORT ON THE ENGLARING OF THE TRADE NETWORK**

Report Date: December 4, 2002

Prepared by: Sandor Geszti, Deputy Chief of Party, TRADE Network

Approved by: Gina Volynsky, Chief of Party, TRADE Network

During the 4<sup>th</sup> quarterly meeting of the TRADE Network in Croatia, the Partners voted to enlarge the Network by two new Partner companies in each country. They decided to add an HR and a PR in Croatia, an IT and PR firm in Bulgaria, and an HR and a PR firm in Romania. Existing partners wanted to see the enlargement of the network before the end of the year, but they could not dedicate sufficient resources to carry out the selection process in time for the new members to be able to join the network by the time of the 5<sup>th</sup> Quarterly Meeting, more importantly, they wanted guidance technical assistance on how to conduct the search and screening process. Consequently, the Chief of Party and the Deputy Chief of Party offered existing TRADE partners their assistance in enlarging the TRADE network. The Chief of Party was on the original committee that chose the founding members of the Network, while the Deputy Chief of Party was trained by Counterpart Foundation on assessment and evaluation techniques and conducted half of the assessments of the initial TRADE Network Partners.

#### **The Committee**

The selection committee consisted of TRADE Staff and TRADE Network Partners. Thus, two goals were achieved simultaneously. First, existing TRADE Partners received the know-how and experience in the identification and screening of new Partners. Second, professionals from the existing TRADE Partners were able to lend their expertise if it was lacking locally. For example, while searching for an IT company in Bulgaria, the Croatian TRADE IT Partner, Perpetuum Mobile joined the committee. Consequently ConsulTeam staff from Sofia was part of the committee in Bucharest and Zagreb to help in the interview and selection of HR companies. While Ivo Spiegel, the head of Perpetuum Mobile, TRADE's new Croatian IT partner kindly offered to join the interview team for the meetings with potential IT company candidates in Sofia, Bulgaria. Local partners were also involved in the interview process to the maximum extent their busy schedules allowed.

The interview committees were made up of the following members in the three countries:

#### **Croatia:**

Gina Volynsky

Sandor Geszti

Iva Todorova (ConsulTeam)

Mirko Parun, Program Manager

Nevenka Hendrih (Hendal Market Research)

Zoran Kisic (Ekoner)



**Bulgaria:**

Gina Volynsky  
Sandor Geszti  
Ivo Spiegel (Perpetuum Mobile)  
George Menev, Program Manager  
Gergana Valova (Business Center Serdon)  
Rumyana Kalcheva (Market Test)

**Romania:**

Gina Volynsky  
Sandor Geszti  
Nadia Voinakova (ConsulTeam)  
Istvan Kocsoldae, Program Manager  
Alex Hotnog (Quantim Leap)

**The transfer of knowledge process**

The selection criteria (See Appendix II) used for the enlargement was the same as the one originally used when the network was established. The criteria and the process plan were communicated to existing TRADE partners and the Program Managers by Sandor Geszti well in advance of the trips planned. In addition, they all received templates of the assessment tools (these can be found at the end of the report). Prior to the interviews, TRADE staff reviewed with the committee the identification, interview and final selection process. This was followed by hands-on training to the Partners on how to conduct the interviews, and continues feedback by TRADE staff. This was further reinforced during the final feedback session when all the candidate Partner companies were discussed and analyzed and finalists were recommended to the local Partners.

**The identification and interview process**

To identify candidate Partner companies, the committee consulted with local TRADE partners, AID offices, the US Commercial Service, other USAID and donor programs in the country, commercially available business listings, and other businesses. The local TRADE Program Managers arranged two to three-day series of interviews with potential new candidates for the selection committee during October and November 2002.

After the carefully planned interview process that involved over 10 current members and TRADE staff combined and over 30 new candidate companies interviewed, two companies were proposed both in Croatia and Bulgaria for the final consideration of the partners and one company was proposed for consideration in Romania.

Interviews were conducted in teams of two or three, allowing the teams to interview 10-12 companies in each city over a period of two to three days. Also, the small number of interviewers enabled an intimate environment to be established. The most promising Partner candidates were interviewed a second time by the other team of interviewers before the final recommendations were made.

A standardized detailed company data questionnaire was used during the interview process to gather and evaluate information about the capabilities, the networking capacities and the development potential of all potential candidates. The questionnaire was designed and used by Counterpart during the original Training Needs Assessment done with original partners of

TRADE in the beginning of 2002. Sandor Geszti was trained by a Counterpart consultant to do the assessments and Sandor in turn also explained the process to the Program Managers and other interview team members. A list of the filled-out questionnaires of accepted new partners is in Appendix III. The filled-out data sheets for the other candidate companies are on file at the TRADE office in Budapest.

In Romania, the interview team found it difficult to select a PR company at this stage, partially because some of the firms refused to meet with TRADE and partially because of strong political connections with some of the leading local firms interviewed. A follow-up trip and further recommendations and research from the local partners will be necessary to finalize this selection process in Bucharest. The Romanian HR Company the interview team finally selected to propose could only be interviewed by phone this time, while Gina Volynsky met with the company during her initial assessment trip in 2001.

**Number of Companies by type interviewed in each country:**

	TOTAL	HR	PR	IT	LAW
Romania	9	2	4	1	2
Croatia	12	5	6	1	Exists
Bulgaria	10	Exists	5	5	Exists

**Acceptance process**

The company data sheets of the final member candidates were sent to all local Partners prior to their team meetings deciding on the new members. During these team meetings, the new candidates also made their own presentations and existing partners had a chance to further interact with them before their final decision. In case any existing partners had concerns about internal competition in connection with a new member candidate, the new candidate was not even considered for proposal by the interview team. The local partners decided to accept all the proposals of the interview team in each country in team meetings shortly following the interview team's visits.

After the decision making process, new partners were immediately invited to join the network, and upon doing so, they were invited to the upcoming 5<sup>th</sup> quarterly meeting of TRADE. Others were notified by the Program Managers that although they were not selected, they are welcome to cooperate with TRADE members and we will share information with selected companies as advised by local partners.

**Final results**

Romania: TBS (Recruitment and HR consultancy)  
 Bulgaria: Bianor (IT) and Expoteam (Exhibition and event organizer)  
 Croatia: Moj Posau (HR) and Status Grupa (PR)

## Appendix I

### Types of new TRADE Network partners required by existing partners by countries

#### *New partner proposals*

##### **Romanians**

	<i>1</i>	<i>2</i>	<i>3</i>
<i>Bulgaria</i>	PR	MC	ID
<i>Croatia</i>	PR	BS	HR
<i>Romania</i>	PR	HR	Eng
<i>Hungary</i>		TRADE PROMO TER	

##### **Bulgarians**

<i>Bulgaria</i>	IT	FS	RE
<i>Croatia</i>	HR	BS	RE/FS
<i>Romania</i>	HR	FS	RE
<i>Hungary</i>	BS/CA W	FS	RE

##### **Croatians**

<i>Bulgaria</i>	PR	ET	FS
<i>Croatia</i>	PR	HR	FS
<i>Romania</i>	PR	IT	ET
<i>Hungary</i>	PM	IT	ET

##### **Hungarians**

Identify consortium project opportunities

#### **RESULTS**

#### **Priority types of companies to be added**

<b>Bulgaria</b>	IT	5	<b>1. PR</b>
	FS	3	<b>2. IT</b>
	RE	1	<b>3. FS</b>
	PR	5	
	MC	3	
	ID	1	
	PR	5	
	ET	3	
	FS	1	

<b>Croatia</b>	PR	5	<b>1. PR</b>
	BS	3	<b>2. HR</b>
	HR	1	<b>3. BS</b>
	HR	5	
	BS	3	
	RE	1	
	FS	1	
	PR	5	
	HR	3	
	FS	1	

<b>Romania</b>	PR	5	<b>1. PR</b>
	HR	3	<b>2. HR</b>
	Eng	1	<b>3. FS/IT</b>
	HR	5	
	FS	3	
	RE	1	
	PR	5	
	IT	3	
	RT	1	

## **Appendix II**

### **Partner Selection Criteria of the TRADE Network**

- A private non-government organization that is a consulting company or has a strong consulting arm;
- Over 50% local ownership;
- Working or attempting to work with local SMEs, and not just donor driven;
- In business for at least two years;
- At least five full time employees;
- Staff with business training — either hands-on, MBA or executive business classes;
- Not political — Company is successful because of good business practices not because of uncertain government contacts;
- Forward thinking, dynamic and practical management;
- Recognized in the market as a company that is good to do business with because it is honest, ethical and has integrity;
- Has a specific business focus (e.g., legal, market research), but services cut across sectors;
- In each country, the companies are complementary rather than competitive;
- Has experience and desire to organize and be part of a network;
- Dynamically growing in sales and staff, enthusiastic leadership, speaking good English;
- Experience and interest to work in other countries;

## Appendix III

### Questionnaires of recommended new TRADE Network partners

#### A. Romania

<i>Company Data</i>	
<b>Name: Total Business Solutions (TBS)</b>	<b>Address: Str. Matei Basarab 108,bl.74,et.4,ap.54,sector 3,Bucuresti</b>
<b>Phone: 0040-21- 320 60 27</b>	<b>Fax: 0040-21-323 70 15</b>
<b>Email: <a href="mailto:tbs@tbs.ro">tbs@tbs.ro</a> ; <a href="mailto:dnecefor@tbs.ro">dnecefor@tbs.ro</a></b>	<b>Web: <a href="http://www.tbs.ro">www.tbs.ro</a></b>
<b>President: -</b>	<b>General Manager: Daniela Necefor</b>
<b>Locations (indicate rent or owned): owned</b>	
<b>Year Established: 2000</b>	<b>Head Office Sq Footage: 86sqm</b>
<b>History of Development:</b> (Max. One paragraph) The company started in 2000 as recruitment company. Founder was the General Manager of Antal International. Some international recruitment companies left the market. (Nicholson has only 2 people.)	
<b>Organizational Structure:</b> Incorporated: <input type="checkbox"/> No <input type="checkbox"/> Yes   Year:   # of Board Members: Qualifications: Membership: <input type="checkbox"/> No <input type="checkbox"/> Yes – Describe: Yes – member of HR Club and also member in the Board of Directors for the Romanian Human Resources Foundation	
<b>Staffing:</b> Full time: 4                      Part Time: 2                      Contract: no, just for contract Professional: 4                      Support: 1(IT)                      Women: 100%                      Prof:                      Support: Average Age: 26                      Annual Turnover of employees: constant                      Expected Growth (1 year): 2 Languages Spoken: English, French, Italian Languages Written: English , French, Italian	
Expertise Profile (# of staff with qualifications): 4 Psychology, Engineering, Finance Head (Daniela): Formerly and Engineering and Finance dept head at ABB She also worked with Knorr and Coca Cola. Antal head-hunted her, she liked recruitment and started working for them as local finance director, launching the company's operations in Romania. Had training in recruitment in London with Antal. When Antal decided to move out, she established her own business in the recruitment field. Marketing Students Languages Students Daniela prefers to take few people with recruitment experience, more trainable young people. What she did not like about the competitors approach to candidates was aggressiveness.	
<b>Expertise Sought:</b> engineering, finance, psychology, languages, marketing	

**Primary Activities:** During these years we have developed the areas of specialty: consultancy (privatization, job description evaluation – new product, salary surveys / regularity: twice per year Unilever, Italian Bank), recruitment (especially head-hunting), personnel evaluation, PR Services, Career advice/Career orientation (candidates do not pay). We have multinational and privatized companies as clients. Recruitment from university degree entry level to top management, no workers or administrative positions recruited. Training: outsourced, with different companies for different fields.

Database: They have one, but the key is headhunting. 65% of revenue is from this.

Main competitors: ATLAS (local), AIMS (Int'l) HILLS, TBS Strategy is long term, started later but growing dynamically. Short presentations, no mass mailing. First phone contact followed up with a meeting.

Online services: standard database. Had some problems in the last two weeks with their site. Do not use the web for matching, just for advertising and database research.

**Current Geographic Scope of Business:** Romania, Microsoft – Bulgaria, Kvaerner – Bulgaria.

**Desired Geographic Scope of Business (1 – 2 years):** S-E Europe

**Annual Revenue:** 9,000 USD per month this year

**Previous Year:** half of this

**Net Profit:** till September: 24,000

**Previous Year:** 14.000USD

**Fee Structure:** ☐ Hourly: ☐ By Results:

☐ Daily:

☐ By Project:- Retainer

**Client Profile (%):** Government:  
Medium (50 – 250): 25%

Large Company (over 250): 70%

Small (0 – 50):5%

**# of Active Clients:** 15 clients with projects on going right now

**# of Pending Clients:** 8

**Existing Industry Sectors:** all, pharmaceutical, engineering, automotive, finance, FMCG, equipment,

**Target Industry Sectors:** media, TBS have good connections and they offer PR through professional interviews. This is offered as an extra service for the clients. They do not have to pay for this.

**Description of Computer Systems:**

**Planned Additions (1 year):**

**Web Site:** ☐ Existing -YES ☒ Under Development – Timeframe:

☐ Not Required

**Primary Use:**

**Development:** ☐ In House ☒ Contractor - With contractor

B. Croatia

**Country:** Croatia  
2.10.2002

**City:** Zagreb

**Date:**

**Interview with:**

**Interview By:** Gina Volynsky, Sandor Geszti,  
Iva Todorova (ConsulTeam)

<b>Organizational Data</b>	
<b>Name:</b> Tau Online – Moj Posao	<b>Address:</b> Zeleni trg 3b, 10000 Zagreb
<b>Phone:</b> +385-1-6197-087	<b>Fax:</b> +385-1-6197-088
<b>Email:</b> <a href="mailto:latica@moj-posao.net">latica@moj-posao.net</a> , <a href="mailto:nb@moj-posao.net">nb@moj-posao.net</a>	<b>Web:</b> <a href="http://www.Moj-Posao.net">www.Moj-Posao.net</a>
<b>Managing Director:</b> Nenad Bakic, CFA	<b>Researcher:</b> Latica Mladina
<b>Locations:</b> rental office in nice new building away from the city center. Planning to expand to neighboring apartments soon	
<b>Year Established:</b> 2,5 years ago, online since 18/10/2000	<b>Head Office Sq Footage:</b> 80m <sup>2</sup>
<p><b>History of Development:</b> Developed the market themselves by offering free ads; Moj Posao became the biggest website in Croatia in 2 years, with 1,5 million page downloads/month. They are visited by 5-6000 IP addresses/day which means 10,000 people per day visiting their site. They have 500 new ads per month, while 1,800 registered employees are using their site. They upload 600 new CVs/month. Mainly focusing on e-recruitment, but moving into Exec Search and other value added services. For the non-internet based services they established another company called “Selectio”. They also plan to move into outplacement and / temporary Work services. “Adventure Academy” is a joint team building product range with the most popular sports journalist in Croatia. More jobs advertised with them then the two leading papers of the field together.</p> <p><b>Industry:</b> According to Mr. Bakic, industry is heavily regulated now: use of professional tools is licensed through the Ministry of Labor. A number of local head hunters, most are one man bands serving foreign clients . There is a new law that requires special registration of such companies by the Ministry of Labor. Only Tau Online currently possesses such a license.</p>	
<p><b>Organizational Structure:</b> Incorporated: <b>Yes</b> Year: 2000 Qualifications: Mathematics, Finance, Psychology Membership: <input type="checkbox"/> No <input type="checkbox"/> Yes – Describe:</p> <p><b>Ownership Structure:</b> 93.5% owned by Mr. Nenad Bakic 5% key staff 1.5% junior staff</p>	



<b>Staffing:</b>	
Full time: 4	Part Time: 0
Professional: 4	Contract: 7
Average Age: 28	Support: 1
Annual Turnover: 0	Women: 3 Prof: 3 Support: 0
Expected Growth (1 year): 5	Languages: English, German
<b>Expertise Profile (# of staff with qualifications):</b>	
Mr. Bakic's background is in Finance (managed a pension fund); Mathematics, and is the first CFA in Croatia; Other staff members specialize in Psychology.	
Top sport journalist (Mr. Laczko) wanted to set up with Mr. Bakic a Team Building co. Mr. Bakic is minority owner. Mr. Laczko is also the brand manager of Red Bull in Croatia. They get big clients. Grew quickly.	
<b>Expertise Sought:</b> Executive search, HR consulting; OD expert; Testing, Outplacement, staff leasing.	
<b>Primary Activities:</b> Internet recruitment – online, Online database of CVs; VIP database Services,	
<b>New:</b> Executive search, selection, - forming a subsidiary for this, HR Consulting - offline	
<b>Current Geographic Scope of Business:</b> Croatia	
<b>Desired Geographic Scope of Business (1 – 2 years):</b> Belgrade (themselves); Ljubljana (with a partner)	
<b>Annual Revenue:</b> \$ 500,000 for next year plan	<b>Net Profit (as a %):</b>
<b>Previous Year:</b> small	<b>Previous Year:</b>
<b>Fee Structure:</b> CV database access, thousands of subscribers	Ads, fees for projects
<b>Client Profile (%):</b> Government: Ministries, City of Zagreb	Medium (50– 250):
Small (0 – 50): They report that their services are used frequently by SMEs.	Large Company (over 250): Pliva, World Bank, Croatian National bank
<b># of Active Clients:</b>	<b># of Pending Clients:</b>
<b>Existing Industry Sectors:</b> ALL	
<b>Target Industry Sectors:</b> ALL	
<b>Description of Computer Systems:</b> TCP	
<b>Planned Additions (1 year):</b> 5	

**Web Site:** Existing

**Primary Use:** main product

**Development:** by Contractor (who also did the Zagreb Stock Exchange's Trading Group website)

**Country:** Croatia

**City:** Zagreb

**Date:** 21.10.2002

**Interview with:** Ms. Liljana Jurkovic & Milan Anic-Antic

**Interview By:** Gina Volynsky, Sandor Geszti, Nevenka Hendrih

<b>Organizational Data</b>	
<b>Name:</b> Status Grupa	<b>Address:</b> Rackoga 11, 10000, Zagreb22 Giuseppe Garibaldi Street, apt 20 Bucharest, Romania
<b>Phone:</b> +385-1-450-0000; +385-1-450-0012+ 40 1 231 01 18 / Mobile – 093 712 760	<b>Fax:</b> +385-1-450-0005
<b>Email:</b> <a href="mailto:ljiljana@statusg.hr">ljiljana@statusg.hr</a> dp@smartbox.ro	<b>Web:</b> <a href="http://www.status-grupa.com">www.status-grupa.com</a> <a href="http://www.smartbox.ro">www.smartbox.ro</a>
<b>Executive Director:</b> Ljiljana JurkovicS/A	<b>Creative Director:</b> Milan Anic-Antic S/A
<b>Locations:</b> rental 130 m <sup>2</sup> , downtown Zagreb, under renovation. Considered buying an office but decided to rent one and invest the money in the business. Three offices are maintained by the firm, one for management, one for IT etc and the other is a flat where 2 clerks.	
<b>Year Established:</b> 1994	<b>Head Office Sq Footage:</b> 78 m <sup>2</sup> 210 sq m
<b>History of Development:</b> Founders came from OZEHA as a team (the main ad agency in ex-Yugoslavia with over 100 people). Did not like management. Status Grupa was a co-founder and a 48% owner of JWT coming into Croatia through their Slovenia operations. Dan has 8 years experience in sales, working with the state, contract negotiations and international training. After conducting some market research he decided that it was a good time to start and training and consulting business in Romania.	
<b>Organizational Structure:</b> Incorporated: Yes Year: 2001 1994 3 local owners (Mr. Anic-Antic, Ms. Jurkovic, and the CFO of the company) 50 % owned by Dan Piroi the other 50% by Adrian Ciocodan Qualifications: Finance, Economy, Arts Membership: <input type="checkbox"/> Yes – Describe: AmCham; HOZ (Croatian Association of Ad Agencies)	
<b>Staffing:</b> Full time: 12 7 Part Time: 0 Contract: 7-820 Professional: 69 Support: 1 3 Women: 4 2 Prof: 22 Support: 0 2 Average Age: 27-28 30 Annual Turnover: 0 0 Expected Growth (1 year): up to 5 new Languages: English, Russian, German, Italian, Portuguese, French	
<b>Expertise Profile (# of staff with qualifications):</b>  Economists  Journalists  IT2 Consultants, 3 Trainers, 2 Psychologists, 1 IT  <b>Expertise Sought:</b> Designer	

<b>Primary Activities:</b> A Full Service Ad Agency; design, creative work; buying media space; Events mgmt, PR: 2 big clients (1 person working on this exclusively: 1. Microsoft (BSA), 2. CISCO Training and Consulting. Considering the development of a PR, advertising and special events strategy in 2003.	
<b>Current Geographic Scope of Business:</b> Croatia & Former Yugoslav Republics for Microsoft. Romania and a small office in Moldova <b>Desired Geographic Scope of Business (1 – 2 years):</b> Bosnia (buying media space), Serbia, Albania, as well as Western Europe. <i>Sofia, Bulgaria - 2002</i>	
<b>Annual Revenue:</b> \$ 2 million\$75,000 <b>Previous Year:</b> 30% growing N/A	<b>Net Profit (as a %):</b> reinvesting <b>Previous Year:</b>
<b>Fee Structure:</b> By Project:	<input type="checkbox"/> Daily _____ – Training - \$300 – 1,500 per day Consulting - \$500 – 1,000 per day
<b>Client Profile (%):</b> Government: 10% Min. of Envir. & Rec. Small (0 – 50): 0%	Medium (50– 250): 20% For example: Large Company (over 250): 70%
<b># of Active Clients:</b> 10 ( x10 smaller subsidiaries)12	<b># of Pending Clients:</b> 5 large
<b>Existing Industry Sectors:</b> Microsoft, Intel, Cisco Systems (PR), Croatian Bank for Reconstruction, Gorenje, Koncar, Ford, Pliva, Unilever, Insurance, pharmaceutical, railway	
<b>Target Industry Sectors:</b> Various, not specified; Fashion (Levi's); Financial Sector, IT. Real estate (as it relates to tourism), particularly customer service	
<b>Description of Computer Systems:</b> 7 PCs, Networked, ISDN 2 LANs that communicate via modem, 8 PCs and 2 laptops, currently use dial up. <b>Planned Additions (1 year):</b> 2Moldova office to be connected	
<b>Web Site:</b> Existing <b>Primary Use:</b> Marketing, for solutions of their own ideas Marketing <b>Development:</b> In House	

C. Bulgaria

<b>Company Data</b>	
<b>Name:</b> Expo Team	<b>Address:</b>
<b>Phone:</b> + 359 2 9659910	<b>Fax:</b> +359 2 9625848
<b>Email:</b> zheglov@bdata.bg	<b>Web:</b> www.expoteam.org
<b>President:</b> Ivailo Zheglov	<b>General Manager:</b> Ivailo Zheglov
<b>Locations (indicate rent or owned):</b> , owned	
<b>Year Established:</b> 1998	<b>Head Office Sq Footage:</b> about 140 sq m
<p><b>History of Development:</b> (Max. One paragraph) Before Expo Team, Ivailo Zheglov was Managing Director of the Advertising Agency "Business Data". During that period he received training in the United States, provided by an USAID funded program – World Learning. After he returned, he decided to open Expo Team.</p> <p>The company is 100% owned by Mr. Zheglov.</p>	
<p><b>Organizational Structure:</b></p> <p>Incorporated: <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes Year: 1998 # of Board Members:</p> <p>Qualifications:</p> <p>Membership: <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes – Describe:</p> <p>European Organization of Exhibition Organizers Bulgarian Organization of Exhibition Organizers – (member of the board)</p>	
<p><b>Staffing:</b></p> <p>Full time: 10 Part Time: Contract:</p> <p>Professional: Support: Women: 80% Prof: Support:</p> <p>Average Age: 30 Annual Turnover of employees: Expected Growth (1 year): 3</p> <p>Languages Spoken: English, Russian</p> <p>Languages Written: English, Russian</p>	
<p><b>Expertise Profile (# of staff with qualifications):</b> Project management, Design, PR</p> <p>Expertise Sought:</p>	
<p><b>Primary Activities:</b> Exhibition organizer, Event management, Advertising, PR</p> <p>The major event – "Sofia Motor Show"</p>	
<p><b>Current Geographic Scope of Business:</b> Bulgaria</p> <p><b>Desired Geographic Scope of Business (1 – 2 years):</b> Balkan region</p>	
<p><b>Annual Revenue:</b> 500 000 \$</p> <p><b>Previous Year:</b> 600 000 \$ - 20% growth</p>	<p><b>Net Profit:</b></p> <p><b>Previous Year:</b></p>
<p><b>Fee Structure:</b> <input type="checkbox"/> Hourly: <input checked="" type="checkbox"/> By Results: <input type="checkbox"/> Daily:</p> <p><input type="checkbox"/> By Project: By exhibition</p>	

<b>Client Profile (%):</b>	Government: Medium (50 – 250):	Large Company (over 250):  Small (0 – 50):
<b>All private</b>		
# of Active Clients: 500	# of Pending Clients:	
<b>Existing Industry Sectors:</b> Car manufacturing, car maintenance, Insurance, leasing, food processing		
<b>Target Industry Sectors:</b> Food, Organic Food, Health Food.		
<b>Description of Computer Systems:</b> 12 <b>Planned Additions (1 year):</b> 2		
<b>Web Site:</b> ✓ Existing <input type="checkbox"/> Under Development – Timeframe: <input type="checkbox"/> Not Required <b>Primary Use:</b> marketing – www.expoteam.org <b>Development:</b> <input type="checkbox"/> In House    ✓ Contractor		

## **BIANOR**

Bianor

5, Stratsin Street, 1407 Sofia

Tel.: +359 2 962 45 24; 962 39 37

Fax: +359 2 962 44 16

[info@bianor.com](mailto:info@bianor.com)

[www.bianor.com](http://www.bianor.com)

Bianor is a full service software development and consultancy company that focuses on interactive web-based and mobile solutions. We offer our worldwide customers our expertise in the design, creation, project management and implementation of complex Internet solutions that add significant value to their business.

Bianor offers comprehensive B2B and B2C customized and ready-to-integrate solutions. We have specific expertise in computer and network security, and localization projects. Our core solution areas include:

- Complex business-logic web solutions with front-and-back-end application, development or integration; e-transactions, e-payments, e-ordering, etc.
- Internet-based gambling and gaming solutions (mainly sports book)
- Mobile applications (i-mode, WAP)
- Solutions for Internet Service Providers (ISPs) and Hosting companies

Bianor focuses on providing Internet solutions for the following prioritized industry segments:

- Telecom / Media / Technology
- Banking and Finance
- Mobile Communications
- Entertainment
- Retail and commerce

### **Technologies/Languages:**

*System Architecture:* UML

*Project Management:* RUP

*Programming languages:* Java and J2EE using IBM WebSphere and Orion Application Servers, Tomcat Web Container; Perl 5, SQL, PL/SQL, XML, C/C++, PHP

*Development environments:* IBM WebSphere Application Developer, IBM Visual Age for Java

*Data Storage:* IBM DB2, Oracle RDBMS, IBM Directory Server, MySQL

*Web and Application Servers:* IBM WebSphere Application Server, Orion Application Server, Tomcat Web Container, Apache Web Server, IBM HTTP Server

Bianor's consultants are certified in: the Java 2 Platform by Sun Microsystems, WebSphere Application Server by IBM, Object – Oriented Analysis and Design with UML, RUP (Rational Unified Process - project management technology), Intershop Enfinity, and Oracle DBA.

### **Major clients:**

Most of Bianor's clients are based in Western Europe (Italy, the Netherlands, Germany, Sweden, Denmark, and Austria), Central and Eastern Europe (Hungary, Bulgaria), Asia (Japan), Central America (Antigua, Dutch Antilles), USA, etc.

**Some reference projects:**

Bulbank (Bulgaria) – [www.bulbank.bg](http://www.bulbank.bg)

TradePlace (Italy) – [www.tradeplace.com](http://www.tradeplace.com)

Sportsbet4all (the Netherlands) – [www.sportsbet4all.com](http://www.sportsbet4all.com)

Darik Radio (Bulgaria) – [www.darik.net](http://www.darik.net)

Euro RSCG New Europe (Bulgaria) – [www.eurorscgsofia.com](http://www.eurorscgsofia.com)

Eurofootball (Bulgaria) - <http://e-bets.eurofootball.bg>

Pyramid Consulting (USA) – [www.pyramidconsulting.net](http://www.pyramidconsulting.net)

First Financial Brokerage House (Bulgaria) – [www.ffbh.bg](http://www.ffbh.bg)



## **BSI ASSESSMENT QUESTIONS GUIDE**

### **Business & ownership**

- 1) Please give us a short history of your organization/business.
- 2) How many years have you been in business?
- 3) How has your staff/business grown?
- 4) How many consultants are on your staff? Permanent? Contract? How many trainers? Permanent? Contract? Women?
- 5) Is this your office? Do you rent or own?
- 6) What type of computer equipment do you use in your business?
- 7) Who owns the business? Ownership structure?

### **Government**

- 8) What % of your budget is supported by the government? What % of your business is government contracts? What types of work have you done or do you do for the government?

### **Market**

- 9) Who are your current customers? Describe them. How did you gain these clients? How do you market your services?
- 10) Who are your target customers?
- 11) What products and services do you currently offer?
- 12) Which products and services are under development or could be improved? What new products and services do you plan or do you want to offer? How will you develop these products and services?
- 13) Have you done a marketing survey recently to help you determine the demand for your products and services? When was the last one?

### **Financials**

- 14) What are your revenues per year? How have they grown? What about profits?
- 15) How does the organization charge for consulting? Per day? Per hour? By result? By project?

### **Outward & networking orientation**

- 16) What is your territory? Who are your competitors? Do you ever work outside of your territory in another region or country? If so, how did you arrange this?
- 17) Is there a network of organizations within their county/state that supports SMEs? How do they relate/interact with this group?
- 18) Do you belong to an existing network? Do you have an interest in joining one or creating one? What would motivate you to join such an organization?
- 19) How many clients does BSI have that are interested are could possibly do business with the West?
- 20) What products and services does the BSI currently offer that could help better position their clients to do business outside of their own country?
- 21) Does BSI have a brochure? Web site? Marketing materials?
- 22) Have you worked with other donors/NGOs?
- 23) Have you worked with international companies/exported/imported?

**Work with program**

- 24) How could you envision using a Western business/industry expert to build your business?
- 25) Would the BSI be able/willing to charge clients when using the volunteer with their own consultant?
- 26) Is the BSI interested in using a volunteer WITH their consultant to do an assignment as training for their consultant?
- 27) Has BSI done anything to start the process of being able to offer training on standards, certifications? How interested are they in this? How important do they feel this is to be able to do business with foreign companies?
- 28) What contacts has BSI had with foreign companies, partners, donors, volunteers, etc?
- 29) Would they be willing to sign a memorandum of understanding?

**For interview team:**

- 1. Did leader/head of company/organization meet with the group?
- 2. How easy/difficult was it to get the meeting with him/her? What is his/her attitude?
- 3. Did they do any research on CDC/IESC before the meeting?
- 4. Did she/he try to sell us on his/her organization?
- 5. Do they "get it"?
- 6. Who would be in charge of project? Did they attend the meeting? What is the relationship of this person with the head person?
- 7. What kind of priority will this project receive within the BSI organization?
- 8. From others in city, what is image of this group? How are they perceived? What kind of work and clients? Reputation?
- 9. Explain responsibilities and benefits of chosen as satellite partner. Need to provide office space for 3--one new employee, one experienced volunteer, one MBA volunteer. Gauge ability to do this, interest, etc.

## Questionnaire

Country: Romania

City: Bucharest

Date:

Interview with:

Interview By:

<b>Organizational Data</b>	
<b>Name:</b>	<b>Address:</b>
<b>Phone:</b>	<b>Fax:</b>
<b>Email:</b>	<b>Web:</b>
<b>President:</b>	<b>General Manager:</b>
<b>Locations (indicate rent or owned):</b>	
<b>Year Established:</b>	<b>Head Office Sq Footage:</b>
<b>History of Development:</b>	
<b>Organizational Structure:</b> Incorporated: <input type="checkbox"/> No <input type="checkbox"/> Yes Year: # of Board Members: Qualifications:  Membership: <input type="checkbox"/> No <input type="checkbox"/> Yes – Describe:  Fees:	
<b>Staffing:</b> Full time: Part Time: Contract: Professional: Support: Women: Prof: Support: Average Age: Annual Turnover: Expected Growth (1 year): Languages Spoken: Languages Written:	
<b>Expertise Profile (# of staff with qualifications):</b>	
<b>Expertise Sought:</b>	

<b>Primary Activities:</b>	
<b>Current Geographic Scope of Business:</b>	
<b>Desired Geographic Scope of Business (1 – 2 years):</b>	
<b>Annual Revenue:</b> <b>Previous Year:</b>	<b>Net Profit (as a %):</b> <b>Previous Year:</b>
<b>Fee Structure:</b> <input type="checkbox"/> Hourly _____ <input type="checkbox"/> Daily _____ <input type="checkbox"/> By Results: <input type="checkbox"/> By Project:	
<b>Client Profile (%):</b>	Government: Small (0 – 50): Medium (50– 250): Large Company (over 250):
<b># of Active Clients:</b>	<b># of Pending Clients:</b>
<b>Existing Industry Sectors:</b>	
<b>Target Industry Sectors:</b>	
<b>Description of Computer Systems:</b>	
<b>Planned Additions (1 year):</b>	
<b>Web Site:</b> <input type="checkbox"/> Existing <input type="checkbox"/> Under Development – Timeframe: <input type="checkbox"/> Not Required <b>Primary Use:</b>  <b>Development:</b> <input type="checkbox"/> In House <input type="checkbox"/> Contractor	

## Appendix 3 – List of TA Interventions

No.	Company & Country	Assignment Description	Dates	US Volunteer Expert Advisor	Status
1	ConsulTeam Bulgaria	HR & Organizational Development specialist	June-July 2002	Nena Gebhardt	Completed
2	Daedalus Romania	Market Research & Marketing Strategy	April 2002	Paul Murphy	Completed
3	Market Test Bulgaria	Help choose Marketing Strategy	June 2002		Completed
4	Hendal Croatia	Technical review of organization	July 2002		Completed
5	Compass Romania	Management of a growing consulting firm	August-October 2002	Ralph Rosenberg	Completed
6	Compass Romania	Feasibility Study of long term care center	August-October 2002	Pamela Rosenberg	Completed
7	Compass Romania	“Customer Care” train the trainers	August-October 2002	Pamela Rosenberg	Completed
8	Daedalus Romania	HR & Organizational Development	September-October 2002	Robert Bell	Completed
9	Daedalus Romania	Qualitative Research Specialist	September - October 2002	Margaret Roller	Completed
10	All Partners Bulgaria	General business support	March 2002-October 2002	Paul Fondie	Completed
11	All Partners Bulgaria	Training in Project	June-November 2002	Earl Glenwright	Completed

No.	Company & Country	Assignment Description	Dates	US Volunteer Expert Advisor	Status
		Management			
12	Quantum Leap Romania	Review of Project Management	November 2002	Earl Glenwright	Completed
13	BCS Bulgaria	Sales Management	December 2002	Brian Piper	Completed
14	Market Test Bulgaria	Sales Management	December 2002	Brian Piper	Completed
15	Totev and Ivanov Bulgaria	Mergers and Acquisitions	November – December 2002	Richard Cherin	Completed
16	TRADE Network	Assistance in Law in CEE	December 2002	Richard Cherin	Completed
17	Hendal Marketing Croatia	Launch of new Product	December 2002	Paul Murphy	Completed
18	Quantum Leap Romania	HVAC Expert	December 2002 - January 2003	Roland Ares	Completed
19	Quantum Leap Romania	Municipal Finance	January – February 2003	William Moore	Completed
20	BCS Bulgaria	“Quality Management” train the trainer	January - March 2003	Ray Genick	Completed
21	Bianor Bulgaria	ISO Consultant	January - March 2003	Ray Genick	Completed
22	Compass Romania	Training and HRM	January – March 2003	Frank Miller	Completed
23	Bianor Bulgaria	CMM Consultant	February 2003	Roy Porter	Completed
24	Totev & Ivanov Bulgaria	Tax policy &	February 2003	Doug Hastings	Completed
25	All Partners Romania	General business support	February 2002 - February 2003	Michele Lagueux	Completed

No.	Company & Country	Assignment Description	Dates	US Volunteer Expert Advisor	Status
26	All Partners Croatia	General business support	February 2002 – February 2003	John Wirth	Completed
27	Quantum Leap Romania	General Consulting Expert	February – March 2003	Ed Hecht	Completed
28	ExpoTeam Bulgaria	Trade Show Organization	February - March 2003	Richard Westerfield	Completed
29	BDG Romania	Business Plan and Strategy dev.	February 2003	Ann Orsini Vaughn	Completed
30	BDG Romania	ISO, Wood Processing Expert	February 2003	Richard Vaughn	Completed
31	BDG Romania	ISO for CLC	March 2003	Richard Vaughn	Completed
32	Consensus Croatia	Law firm management & consulting specialist	February 2003	James Kambas	Completed
33	Totev & Ivanov Bulgaria		March 2003		Completed
34	BCS Bulgaria	Event Management	March 2003	Arthur Schwartz	Completed
35	BCS Bulgaria	NGO Management	March 2003	Arthur Schwartz	Completed
36	BCS Bulgaria	Client: FLAG on apparel industry	March 2003	Gabriele Goldaper	Completed
37	Bianor Bulgaria	IT Marketing Specialist	March – April 2003	Ken Matusow	Completed
38	Compass Romania	PR Specialist	April – May 2003	Merilee Marsh	Completed
39	Daedalus Romania	Information Systems Management	March-May 2003	Lawrence Kaaria	Completed
40	Market Test Bulgaria	HR Management	June – July 2003	Malcolm and Gloria Peplow	Completed
41	BCS Bulgaria				Completed

42	TRADE Network	Sustainability	March April 2004	Jack Cox	Completed
43	TRADE Network	Sustainability	March April 2004	Dominique Khordoc	Completed
44	TRADE Network	Regional HR	June 2004	Nena Gebhardt	Completed
45	TRADE Network and Ensignt, Romaina	IT Systems, Network Sustainability	August - September 2004	Bill and Judy Korstad	Completed



## **Appendix 4 – TRADE Grant Descriptions**

### **I.**

Grant name:	IAS or GAAP Certificate
Company:	Compass
Country:	Romania
Amount of Grant:	The Grant Application was withdrawn
Amount of project:	\$4,000

#### **Description:**

The goal of this certification was to obtain internationally recognized certifications, also required by Romanian legislation, toward being able to provide an extended set of accounting and financial services. This way Compass could align to the TRADE network stated requirements in terms of members' qualifications, image, and guaranteed level of quality for the services provided.

### **II.**

Grant name:	Certified Management Consulting Certification
Company:	Compass
Country:	Romania
Amount of Grant:	The Grant Application was withdrawn
Amount of project:	\$4,040

#### **Description:**

The purpose of the proposal was to attain partial financing for acquiring the Certified Management Consultant certification (CMC) for two of Compass Consulting consultants in order to get international recognition for the consulting

services provided, that being in the benefit of the TRADE network in terms of members qualifications, image, guaranteed level of quality for the services provided.

### III.

Grant name:	TGI Training
Company:	Market Test
Country:	Bulgaria
Amount of Grant:	\$5,000
Amount of project:	\$422,647

#### Description:

The goal of the fund applied for, was to cover 50% of the initial training needed for Market Test in order to conduct the TGI project. TGI (Target Group Index) is a continuous project, which is conducted also in other countries (37 around the world), aiming at collecting information about penetration and usage of 250 categories and 2,000 brands; about consumers' life styles, media consumption and socio-economic characteristics. The training was conducted by two experts from BMRB-London in Market Test's office, in order to give the possibility for more employees of Market Test to participate.

### IV.

Grant name:	IBA International M&A Conference
Company:	Consensus
Country:	Croatia
Amount of Grant:	\$2,000

Amount of project: \$4,040

Description:

The purpose of the Grant Application was to gain support for attending the IBA International Mergers & Acquisitions Conference in New York, USA on June 13-14, 2002.

V.

Grant name: Regional Expansion Project

Company: Business Center Serdon

Country: Bulgaria

Amount of Grant: \$0

Amount of project: \$16,738

Description:

The goal of this project was to open expansion offices of Business Center SERDON (BCS) in Dobrich and Varna, Bulgaria. Traditionally aid for business development has been focused in the capital cities of CEE countries. Business development initiative in other promising areas of the country may not have resources to assist them in developing successful businesses. Through expansion into targeted cities in Bulgaria, Business Center SERDON (BCS) wanted to contribute to the multiplier effect outside the capital cities thus spreading the breadth of influence of TRADE through building of regional companies.

The application was rejected because it is a complex, broadly defined program of regional expansion for Serdon in Bulgaria, not necessarily supporting the development of cross border economic relations or other common programmatic goals of the TRADE Network. The market research to support such a large project was not provided in the application, and it was the committee's understanding, that there are already many business centers in the Bulgarian regions established by the UNDP, USAID, EU etc, and there is a network of such business centers already operating.

Furthermore, it seemed that there was no technical assistance component or capacity building element that Serdon could benefit from in the described project. Since the objectives are too broadly defined and the budget was accordingly complex, it was not clear to the committee what the grant would exactly cover,

how the results could be measured, and who would receive the money. Finally, as it was not the Grant Fund's aim to support clearly marketing types of activities serving the needs of a single network partner, the committee unanimously decided to reject the application.

Some of the components of the application proposal, such as the website enhancement or the development of marketing materials, if better defined, can be covered by regular technical assistance projects provided in the framework of the TRADE program. The Business Center Serdon was encouraged to work out a detailed Scope of Work for such projects and submit it as a technical assistance request to be filled by a volunteer expert.

## VI.

Grant name: Internet Site Upgrade and Newsletter

Company: Compass

Country: Romania

Amount of Grant: \$0

Amount of project: \$2,000

### Description:

The goal of this project was to upgrade the COMPASS web site and newsletter in order to reflect re-organization after the changes that occurred during the months of August and December 2001; and Register COMPASS in more search engines. The objectives were to increase visibility and market awareness on the firm's capabilities; educate and keep customers up-to-date with events & trends.

The application was rejected, since the project, while it does not serve the primary goals of the network as a whole, can be done by technical assistance provided in the framework of the program's normal activities. The budget and the work plan for the project were not detailed enough to judge the real need and the potential quantitative results. Concurrently, Compass has filed three grant applications; therefore the committee was concerned whether the firm, with the relatively small current staff, would have been able to absorb all the trainings and the ongoing technical assistance at once. Compass was encouraged to work out a Scope of Work for this project and submit it as a technical assistance request to be filled by a volunteer expert later.

## VII.

Grant name:	Datastream Partners Training
Company:	EKONERG
Country:	Croatia
Amount of Grant:	\$3,250
Amount of project:	\$6,500

### Description:

Ekonerg Holding is a Datastream Partner for distribution and implementation of Computerized Maintenance Management System software. The purpose of this project was to enable EKONERG to provide support and application services in connection with D7i software implementation. Therefore the firm had to be certified by training provided by Datastream. A group of engineers attended several week training during June, 2002.

## VIII.

Grant name:	ISO 9001 Standard Implementation
Company:	CM-Expert
Country:	Croatia
Amount of Grant:	\$3,625
Amount of project:	\$13,725

### Description:

The goal of this project was to implement and establish the ISO 9001 family standards at CM Expert, thereby preparing for future competitions in more complex markets (such as the EU market). Additionally by introducing the ISO 9001 standard, CM-Expert will be in a position to upgrade the level of it's expertise as well as implement a modern business management approach.

## **IX.**

Grant name:	International Small Business Congress
Company:	BDG
Country:	Romania
Amount of Grant:	\$3,018
Amount of project:	\$8,358

### **Description:**

The goal of the project is to promote TRADE Network program and TRADE Partners from Croatia, Bulgaria and Romania at the 29th International Small Business Congress (ISBC) to be held in Amsterdam, 27-30 October, 2002.

The congress will provide a useful forum for exchanging experiences and views, to identify opportunities for collaboration at SME level as well as networking with enterprises and with political and social organizations. Florentina Nanu will deliver a TRADE presentation at the conference.

## **X.**

Grant name:	Serbia Office Opening
Company:	ConsulTeam
Country:	Bulgaria, Serbia
Amount of Grant:	\$5,000
Amount of project:	\$15,000

### **Description:**

In March 2002 ConsulTeam has signed an exclusive partnership agreement with Mercer Human Resources Consulting, the world largest human resources consulting company, for Bulgaria, Serbia and FYROM Macedonia, with the option to expand it further on to Croatia and Bosnia.

Both companies already have clients, which are making enquiries about provision of human resources services in Serbia. Presently in the country there is almost no

HR consulting capacity. ConsulTeam is now opening a fully functioning Belgrade office offering recruitment and selection, training and development and human resources consulting services with the help of TRADE.

## **XI.**

Grant name:	SME Financing Handbook
Company:	BDG, CM-Expert, Business Center Serdon
Country:	Romania, Croatia, Bulgaria
Amount of Grant:	\$10,395
Amount of project:	\$21,975

### **Description:**

The goal of this Grant Application is to support the birth of a unitary handbook with up-to-date information on main sources of internal and international financing programs available in Romania, Bulgaria and Croatia for the development of the SME sector. The book will focus on three high priority industries to be identified per each country. The handbook will be used both as working document by TRADE partners in each country with their clients as well as a marketing tool for the promotion of local TRADE networks to international institutions and companies.

## **XII.**

Grant name:	ESOMAR Annual Congress Participation
Company:	Hendal
Country:	Croatia
Amount of Grant:	\$2,282
Amount of project:	\$6,184

### **Description:**

The goal of the Grant Application is to support the attendance of the ESOMAR Annual Congress in Barcelona, Spain on September 22-25, 2002 for two Hendl Representatives. The main reason of the joint attendance of the company leader and the Market Research Director is to introduce her to clients, partners and the Global Research Organization.

### **XIII.**

Grant name:	Project Management Institute Certification
Company:	Business Center Serdon, Market Test, Totev & Ivanov
Country:	Bulgaria
Amount of Grant:	\$0
Amount of project:	\$11,000

#### **Description:**

In furtherance of the objective of creating a core group of TRADE Network persons with sufficient knowledge in Project Management to train other staff members of their organizations, the PMI certification of at least one project management practitioner in each Bulgarian TRADE Partner company would support our project management implementation goal.

The Bulgarian TRADE project has secured the services for 6 months of a Project Management Volunteer [VE] Expert from IESC. The VE will give foundation training in the core components of Project Management. However, there is insufficient time available to cover all of the Project Management Knowledge Areas presented in PMI's *GUIDE to the Project Management Body of Knowledge*. With additional training materials directed towards the certification examination, the VE would be able to coach his counterparts in studying and preparation for the examination

The Grant Application was rejected because the benefit of the project for the TRADE network as a whole was questionable. This practice is too new for CEE, even for some of the Western countries. TRADE could have covered 50% of the hard cost of the project, as the committee offered such a solution during correspondence with applicants, but the fact that applicants did not accept this proposal showed a lack of commitment for this project.



#### **XIV.**

Grant name:	Project Management Reference Materials Library
Company:	Business Center Serdon, Market Test, Totev & Ivanov
Country:	Bulgaria
Amount of Grant:	\$0
Amount of project:	\$1,500

#### **Description:**

The Bulgarian TRADE Partners are presently receiving training in the principles, tools, & techniques of Project Management. To supplement this effort their goal was to provide high quality project management practitioners and the objective of the grant proposal was to begin a reference source of project management publications for all of the Bulgarian TRADE Partners to use to increase their knowledge and performance of project management.

The Grant Application was rejected because the Partners have a book pool available to cover book costs and the Grant Fund cannot cover projects that can be funded by other program resources within TRADE.

#### **XV.**

Grant name:	ISO Certification Process
Company:	Quantum Leap S.A.
Country:	Romania
Amount of Grant:	\$3,600
Amount of project:	\$8,000

#### **Description:**

The objective is to obtain the ISO 9001/2000 certification for Quantum Leap S.A. from the Romanian office of the German TÜV certification agency. The goal is to expand QL's business with foreign direct investors (US and European, primarily German) entering the Romanian market, and to strengthen the firm's presence on the German market. The benefits of the ISO certification are both in the

areas of improved operational efficiency and in that of creating an advantage in marketing the firm, for it is seen as a guarantee of quality. QL preferred TÜV because, according to several of their German and Danish business partners, practically all German companies and most other international investors would trust more an ISO 9001/2000 certification from the German agency TÜV as compared with any other certification agency present in Romania. This project strengthens the institutional capacity and the image of Quantum Leap S.A. and indirectly the image of the T.R.A.D.E. network in Romania.

## **XVI.**

Grant name:	Hungarian-Romanian Business Matchmaking Event
Company:	BDG and IPD
Country:	Romania and Hungary
Amount of Grant:	\$1,800
Amount of project:	\$22,500

### **Description:**

BDG received requests from the Hungarian minority companies in Western and North Western Romania to organize an event, together with possible investors from Hungary and foreign companies active in Hungary but not active in the Romanian market.

The grant proposal is to organize, under the TRADE umbrella, an event with TRADE partners in Hungary. A group of 5-7 Hungarian partners would be interested to come and present their products in the seminar. BDG together with the Hungarian minority branch organizations and the internal Romanian organizations will hold a seminar and organize field visit in Industrial parks.

## **XVII.**

Grant name:	ACCA Certification
Company:	Totev & Ivanov
Country:	Bulgaria
Amount of Grant:	\$3,500

Amount of project: \$31,067

Description:

Obtain funding for a portion of certifying one member of Totev & Ivanov with the Association of Chartered Certified Accountants (ACCA) so that T&I may be able to:

- Provide tax and accounting counsel with a complimentary understanding of the international accounting system
- Better compete with Big 5 for bids or joint-bids with TRADE partners
- Provide more liquid tax advice to local SMEs at prices they can afford
- Provide TRADE partners and their clients with more financial oriented consulting

**XVIII.**

Grant name: East-Central Europe Finance Conference in New York

Company: BDG

Country: Romania

Amount of Grant: \$1,075

Amount of project: \$5,100

Description:

Open the South central European market for US and other foreign companies, interested in developing infrastructure projects.

Promote TRADE Network companies from Croatia, Bulgaria, Romania and Hungary at the East-Central Europe Finance Conference to be held in New York, 29-31 October, 2002.

The congress will provide a useful forum for exchanging experiences and views, to identify opportunities for collaboration at international level as well as networking with enterprises and with political and social organizations.

## **XIX.**

Grant name:	RIDE-2002 Conference
Company:	BDG, CM Expert
Country:	Romania, Croatia
Amount of Grant:	\$2,750
Amount of project:	\$9,105

### **Description:**

Participation of the interested TRADE Partners (BDG, CM Expert, IPD) at the 1<sup>st</sup> Romanian Infrastructure Development Conference & Showcase (RIDE 2002), to be held in Bucharest , 25-26 September, 2002.

The congress will provide useful national and cross-border business opportunities as well as an excellent opportunity to make good contacts in their field for the network members who are interested in infrastructure development projects.

Participation of the companies (CM Expert, BDG, IPD) at this conference will enable them to:

1. Understand the priorities and strategies of the Romanian Government and the International Financing Institutions regarding infrastructure development in Romania
2. Meet and confer with their Public partners & clients such as: key ministries, management agencies, contracting authorities, local district authorities, public utility companies, financing institutions and European commission officials.
3. Meet their market partners and competitors on both the local and international scale, such as: infrastructure consultants, work contractors, manufacturers and suppliers
4. Present on the spot their company's technical solutions and state-of-the-art technologies like. Project management approach, design solutions, construction methods, supervision and QA techniques.
5. Open the Romanian market to CM Expert.

## **XX.**

Grant name:	IBA's EC Merger Control Conference
Company:	Consensus
Country:	Croatia
Amount of Grant:	\$1,265
Amount of project:	\$2,570

### **Description:**

The goal was to further develop Consensus' image as the M&A legal specialists in the market. The participation in this conference should offer Consensus the knowledge of current trends and issues in the area of M&A as well as contacts. This is specifically important since Croatia is looking to EU for developing its M&A practices and regulatory framework.

## **XXI.**

Grant name:	ProPro akademija, one day seminars
Company:	Hendal
Country:	Croatia
Amount of Grant:	\$0
Amount of project:	\$5,096

### **Description:**

The main objective of this education program is to raise the level of knowledge and working skills of relevant employees of Hendal. This program will improve

Hendal's competitive position, by developing negotiation skills, customers and media relationship and communication within the company.

## **XXII.**

Grant name:	IAS of GAAP Certification
Company:	Compass
Country:	Romania
Amount of Grant:	\$1,770
Amount of project:	\$4,012

### **Description:**

The goal is to add international recognized certification to those required by Romanian legislation, toward being able to provide an extended set of accounting and financial services. This way will align to the TRADE network stated requirements in terms of members' qualifications, image, and guaranteed level of quality for the services provided.

## **XXIII.**

Grant name:	IEDC training
Company:	Perpetuum Mobile
Country:	Croatia
Amount of Grant:	\$0
Amount of project:	\$8,407

### **Description:**

The objectives of the General Management Program are to enable the participants to broaden their knowledge and understanding of managing business in today's global environment and to provide them with managerial skills and the leadership capacity to take over strategic responsibilities.

#### **XXIV.**

Grant name:	CMC Certification
Company:	Compass
Country:	Romania
Amount of Grant:	\$2,000
Amount of project:	\$4,040

#### **Description:**

The proposal is to attain the Certified Management Consultant certification for two Compass Consulting consultants in order to get international recognition for the consulting services provided, that being in the benefit of the TRADE network in terms of members qualifications, image, guaranteed level of quality for the services provided.

#### **XXV.**

Grant name:	PMP certification
Company:	Business Center Serdon
Country:	Bulgaria
Amount of Grant:	\$705
Amount of project:	\$1,410

## Description:

In furtherance of the obtained training in Project Management Basics, a core group of Business Center Serdon personnel needs to be certified to train other staff members of the organization of at least two project management practitioners in Business Center Serdon would support our project management implementation goal also. The Bulgarian TRADE project has secured the services for 6 months of a Project Management Volunteer Expert from IESC. The VE gave foundation training in the core components of Project Management. With additional training materials directed towards the certification examination, the VE would be able to coach his counterparts in studying and preparation for the examination.

## XXVI.

Grant name:	QRCA membership
Company:	Daedalus
Country:	Romania
Amount of Grant:	\$245
Amount of project:	\$490

## Description:

A membership as a participating firm in Qualitative Research Consultants Association, Inc. for the two qualitative market research moderators at Daedalus will provide a variety of opportunities for the firm. The Qualitative department will benefit from joining an association devoted to qualitative studies in marketing research. They will learn new concepts and techniques in the area of qualitative market research that will improve their skills and expertise. In turn, they will deliver a higher quality product to the client. The ability of providing better marketing advice will strengthen our competitive advantage and the company image. Client service and customer satisfaction will be enhanced with this new association with an international organization due to the breadth of



knowledge, networking ability and other benefits that may be derived from joining the qualitative marketing research association.

## **XXVII.**

Grant name:	AmCham membership
Company:	BDG
Country:	Romania
Amount of Grant:	\$200
Amount of project:	\$400

### **Description:**

A membership as a participating firm in the American Chamber of Commerce in Bucharest, Romania will provide a variety of opportunities for the TRADE Network. BDG, as the Coordination Partner for TRADE Network in Romania will be the representative company. Not only will this membership enable BDG to meet many influential decision makers, but it will also allow BDG or a designated representative to attend exceptional events organized and sponsored by AmCham such as influential speakers on various topics, workshops and seminars and other unique events. Additionally, membership in AmCham will permit BDG to access databases of American companies who are active in Romania or who are seeking information on the marketplace, including important contact information. As a member of AmCham, BDG may also access other American Chambers of Commerce, thus increasing the opportunity for cross-border initiatives and information sharing.

## **XXVIII.**

Grant name:	TRADE Commercial Promotion Instrument
Company:	BDG

Country:	Romania
Amount of Grant:	\$0
Amount of project:	\$6,250

Description:

To promote from a commercial perspective the TRADE Network program and TRADE Partners from Romania, BDG will create a new up-to-date tool that will be more flexible, more detailed and more attractive than the existing brochures. The new tool will consist of a CD, that will contain information regarding the TRADE program and the services that it offers.

**XXIX.**

Grant name:	Bridges over time
Company:	BDG
Country:	Romania
Amount of Grant:	\$0
Amount of project:	\$31,100

Description:

The goal of this project is to identify the American companies that did business in the Balkans at the beginning of the 20<sup>th</sup> century. A brochure or a CD containing the names of the companies and the nature of the business they have done in Romania could represent a useful tool in tying together the relationships that have been broken by WWII.

### **XXX.**

Grant name:	Exchange for enhancement
Company:	Daedalus & Market Test
Country:	Romania, Bulgaria
Amount of Grant:	\$942.5
Amount of project:	\$1,885

#### **Description:**

The purpose of this project is twofold:

First, to get acquainted with each other's structure, organization and best practices in order to apply the optimal solutions to improve each of the companies.

Second, to boost business by making presentations to potential clients – Daedalus to Alen Mak in Sofia, and Market Test to Unilever Foods and Orgachim in Romania.

### **XXXI.**

Grant name:	Bulgarian TRADE Network
Company:	Business Center Serdon
Country:	Bulgaria
Amount of Grant:	\$0
Amount of project:	\$12,989

#### **Description:**

Since the beginning of TRADE program no promotion of the Network or its members in Bulgaria has been done, with very few exceptions like several publications in local newspapers and magazines, one radio and one TV announcement. The Network of TRADE could hardly be recognized as a network of promising consulting companies in the region. Through the creation of promotional materials of TRADE and its Bulgarian members as well as with promotional events where to present the Network and the companies, the Bulgarian TRADE members will contribute to the efforts for better acknowledgement of the successful companies' development, cross country business potential and economic growth of South Eastern countries

## **XXXII.**

Grant name:	Romanian-Russian match-making
Company:	BDG
Country:	Romania
Amount of Grant:	\$0
Amount of project:	\$4,470

### **Description:**

A program with goals similar to those of the TRADE Network is currently in operation in Russia, the IBS Network. A common project in business development would strengthen the already existing link between the two programs as well as improve the economic situation of the selected region. This innovative cross border Romanian-Russian matching will allow the Romanian companies to meet a number of existing successful companies registered in Russia. Based on selected fields of activity and matching with local cross border interests, the Romanian companies will meet and discuss business opportunities with 10 Russian companies, already in same field of business. Based on the achievements from direct meetings, the TRADE partners will continue activities and develop business between Romanian and Russian companies. TRADE partners will enlarge in this way their database of clients.

### **XXXIII.**

Grant name:	Professional training & HR membership
Company:	Consulteam
Country:	Bulgaria
Amount of Grant:	\$2,106
Amount of project:	\$4,299

#### **Description:**

The goal of the project is to cover the annual membership fee for CIPD, annual subscription for People Magazine, a two-day training in CIPD and professional membership in Society for Human Resource Management, including membership for SHRM Consultant Forum, SHRM Employment Management Association and SHRM Global Forum.

CIPD – the Chartered Institute for Personnel and Development, headquartered in London, is the most reputable organization for Human Resources Management in Europe. SHRM – the Society for Human Resource Management is the world's largest association devoted to human resource management. Representing more than 170,000 individual members, the Society serves the needs of HR professionals by providing the most essential and comprehensive set of resources available. SHRM currently has more than 500 affiliated chapters within the United States and members in more than 120 countries.

### **XXXIV.**

Grant name:	IEDC training
Company:	Perpetuum Mobile
Country:	Croatia
Amount of Grant:	\$2,694.5
Amount of project:	\$8,982

#### Description:

The IEDC – Bled School of Management is among the first true management development institutes to be established in Central and Eastern Europe. Founded in 1986 by the Slovene Chamber of Commerce, its aim is to provide executive-style management education both for executives and high-potential young managers.

The General Management Program is a five-week seminar, taught in English by faculty from Europe and North America's leading business schools. The objectives of the General Management Program are to enable the participants to broaden their knowledge and understanding of managing business in today's global environment and to provide them with managerial skills and the leadership capacity to take over strategic responsibilities.

#### XXXV.

Grant name:	Office set-up in Croatia
Company:	Consulteam
Country:	Bulgaria, Croatia
Amount of Grant:	\$5,000
Amount of project:	\$20,000

#### Description:

After considerable development in the last few years, the next step of ConsulTeam is setting up an office in Zagreb, Croatia. It is a unique project under the TRADE Program as for the first time two members of the Network create a joint venture.

The project is part of the process of creation of a regional HR market leader in Southeast Europe, which does not exist at present, and will be realized, with the exclusive help of TRADE.

Market research proves that presently there is little Human Resources consulting capacity in Croatia. ConsulTeam already has potential clients who are making inquiries about provision of such services in Croatia.

We envisage the opening of a full functioning Zagreb office initially with two employees, offering HR Consulting services including Salary Surveys,

Organizational Design, Compensation and Benefits Consulting, Job Grading Systems, as well as Open and Tailor-made Trainings.

The fee split of the new venture will be 50% for ConsulTeam Sofia, 30% will be owned by Moj Posao, and 20% will be owned by our Belgrade Managing Partner or ConsulTeam Belgrade.

As a cooperative and supportive gesture, ConsulTeam will offer discounts of 10% for training services and 15% discounts for HR consulting and salary survey participation to current and new TRADE members for an unlimited period of time.

## **XXXVI.**

Grant name:	ISO 9001:2000 Certification
Company:	Bianor
Country:	Bulgaria
Amount of Grant:	\$3,049
Amount of project:	\$7,350

### **Description:**

The proposal goal is to find subsidy for providing consultancy services related to ISO certification of Bianor and the official ISO 9001:2000 certification itself. The proposal has two parts:

- ISO-related consultancy services by a certified consulting company. The consulting services will be provided by Top Management Advisors Ltd.
- Official ISO 9001:2000 certification. Bianor will be certified by Lloyd's Register of Shipping

### **XXXVII.**

Grant name:	ISO 9001:2000 Certification
Company:	Business Center Serdon
Country:	Bulgaria
Amount of Grant:	\$3,144
Amount of project:	\$6,288

#### **Description:**

In furtherance of our successful work with the VE advisor Dr. Raymond Genick on our company's preparation for getting certified for quality and as a logical step ahead in our development, the ISO 9001:2000 certification would support our commitment to meeting customers' needs and regulatory requirements. With the implementation of the quality management system we will have new methods for monitoring quality performance, better relationship with our customers and better internal communication. The Business Center Serdon's top management is dedicated to the development of a quality policy which will enable us to improve the efficient provision of highest standards of quality services to our customers and to improve the general management of the company, which is a prerequisite for overall competitiveness.

### **XXXVIII.**

Grant name:	Attending Project Management Training
Company:	Ensignt, Daedalus, BDG, DC Communication
Country:	Romania
Amount of Grant:	\$1,712
Amount of project:	\$3,424



#### Description:

The project's goal is to improve Project Management skills of a number of 16 members from 4 Romanian companies all of them TRADE Network Partners - eNsight Consulting, DC Communications, BDG, Daedalus.

The proposal objective is to better serve the client needs having gained the necessary PM expertise and to spread the acquired skills towards the other members of the involved teams, and even to the TRADE Network during a PM Workshop facilitated by one of the trainees. The training provider selected is Compass Training, also a TRADE member, having very good references (please see attached the references provided by Compass Training)

#### **XXXIX.**

Grant name:	IBA 20 <sup>th</sup> International Financial Law Conference
Company:	Stefanica, Osmani & Partners
Country:	Romania
Amount of Grant:	\$2,330
Amount of project:	\$4,600

#### Description:

Attendance in International Bar Association leading conference with the purpose to increase the level of legal expertise in the field of international financial law, and consequently update with the acquired experience the Partners in the Trade Network.

- To fully understand the principles of a functional democracy in the world of global business.
- To better identify the existing financial opportunities in the market.

- To benefit from the unrivalled advance knowledge on the most important developments in the financial markets and in the area of banking and securities law.
- To understand the inherent risk of any finance transaction, thus increasing the level of safety and financial discipline of our clients.

## **XL.**

Grant name:	Seminar on “Managing organizational transformation”
Company:	Compass
Country:	Romania
Amount of Grant:	\$0
Amount of project:	\$1,600

### **Description:**

The proposal is to organize a seminar on "Managing Organizational Transformation",

through which we will promote in Romania the CMC concept, the highest international consulting standard and associated with this we will present the benefits for Romanian companies of using professional consulting services for transforming / adapting their internal structure to match with the current dynamics of the market that being the prerequisite for competitiveness. Related with CMC promotion we will enhance the fact that the consulting companies that are member in TRADE in Romania employ three CMC, out of a total of ten for whole Romania, that being in the benefit of the TRADE network in terms of members professionalism, image, guaranteed level of quality for the services provided.

## **XLI.**

Grant name:	International FAECO Conference
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Company: Compass & Ensign

Country: Romania

Amount of Grant: \$1,931

Amount of project: \$5,318

Description:

The proposal is to facilitate the participation of 5<sup>1</sup> Romanian consultants from COMPASS Consulting and eNsign (both companies are member of TRADE Romania and of AMCOR - the Romanian Association of Management Consultants) to the international conference of FEACO (The European Federation of Management Consultancies Associations), held on 21-23 May 2003 in Ljubljana, Slovenia. Three of the 5 Romanian consultants are certified as CMC (Certified Management Consultant is the highest international certification for management consultants; only 10 Romanians are certified as CMC).

**XLII.**

Grant name: Membership in AmCham

Company: Expo Team

Country: Bulgaria

Amount of Grant: \$200

Amount of project: \$850

Description:

Membership of Expo Team in American Chamber of Commerce in Bulgaria.

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***Bulgarian HR consultancy ConsulTeam opens second foreign subsidiary in Zagreb, Croatia***

- HR Consulting firm ConsulTeam, a founding member of the TRADE Network in Bulgaria opened its second foreign subsidiary with the support of the TRADE Network Grant fund in Zagreb, Croatia. Only a year after the success of opening a similar subsidiary in Belgrade, Serbia, the company decided to penetrate the Croatian market after consultations with several local Croatian TRADE Network Partners. ConsulTeam entered the market with its highly demanded product of salary surveys developed since joining the Network and other HR Consultancy services.

## Appendix 4 – Grant Fund Lessons Learned

### 1. *Decision making criteria needs better and more detailed explanation*

After the grant fund was set up and introduced to TRADE Partners in April 2002, several explanations and reminders had to be made to ensure that applicants understand and adhere to the rules and the decision making criteria of the fund. After the first two rounds of applications and a number of rejected proposals, TRADE staff decided to send out a more detailed explanation of the decision making criteria to all Network Partners. This was to ensure that the projects that applicants come up with are not seen as a subsidy to their daily operations or a revenue generating resource, but rather as a contribution to innovative projects that the companies would not be able to do on their own. Compliance to the grant fund rules improved and the number of rejected grants decreased significantly as a result of this practice.

### 2. *Clear policies need to be determined in what is acceptable in budgeting for projects.*

After a period of 3 months, most applications followed the general guidelines and adhered to the decision making criteria set forth by the fund. However, in some countries, especially in Bulgaria and Romania, some applicants tried to use overly exaggerated numbers and projections in their budget proposals. For example, in account of the company's own time contribution to certain projects, some applicants used extremely high hourly consulting rates, or wanted to charge for the use of their own space and equipment in a grant project. As a result, based on USAID rates and inquiries with private sector firms, TRADE Staff established a policy and published acceptable hourly fees for each country that could be accepted in Grant budgets. These were defined and communicated as follows:

According to our policy, the consulting time cost rate of Partners' time contribution to grant projects should not be accepted above the following:

Bulgaria: \$100/day  
Romania: \$150/day  
Croatia: \$200/day"

Slowly the mentality of the applications changed again and considered the original goal that any legitimate grant project required a real 50% cost-share from the applicants based on the hard costs of the project. The consistent enforcement and explanation of this rule made the grant fund effective in one of its key goals to contribute to projects that resulted in total investments over ten times the grant money invested.

### 3. *Strict enforcement of rules is important to cut down on administration burdens*

Decision making was a seamless process, where the applications were first reviewed for financial compliance by the TRADE Finance Manager and then distributed to the Grant Committee for discussion and evaluation. While each committee member had to evaluate and rate each application with the help of a standard form, a conference call was also organized once a month to discuss and reflect on questions. After the conference call, results were collected in Budapest, compiled and based on these; applicants were informed about the decisions. In case of rejections, a special emphasis was put on the proper and detailed explanation of why an application had been rejected. The most frequent reasons for rejection are enlisted in the section 4.6.

In some cases, the Grant Committee required further information or stricter budgets to be able to award a proposal. In such cases, the committee took the liberty to reject or accept the proposal with remarks or certain conditions which were communicated to the applicants by e-mail. This procedure, although allowed flexibility for the applicants to resubmit their proposals, burdened the administration of the fund heavily. In the future, a more strict system of evaluation should be applied instead, not allowing an opportunity for grantees to start a lengthy negotiation process on their rejected proposals.

4. *Direct payment to applicants should be avoided*

Disbursements were again a crucial point of the operations of the grant fund. Originally, it was not communicated clearly enough that the fund prefers to pay to third party vendors than the applicants directly. This had to be corrected and some applicants perceived that this communication signaled a change in the basic grant rules. While weak communication was clearly a mistake, life also produced examples when such payment procedures could not be carried out. For example, one company had to train its future foreign office staff internally and the Grant Committee did not see a problem to support that activity, although the training costs had to be paid directly to the grant recipient. In other instances, vendors required a local guarantor for payments for events, which made it cumbersome to the grant fund to legally stand behind such guarantees. In the third quarter of the operations, the grant fund instituted a policy of not paying grants until a final Grant Evaluation Form was not supplied by the grantee with a detailed implementation budget. The implementation budget was compared with the original and approved budget and payment made accordingly. This system finally ensured both appropriate documentation and timely flow of information from the grantees that were dispersed in 3 countries.

5. *Deadlines to complete awarded projects must be kept*

Interestingly, several awarded and very innovative projects were never completed. In these cases, the fund sent out a reminder to the directors of all outstanding projects to complete and report on the activity. One mistake made here from the fund was not defining a timeframe in which awarded projects should have been started and completed, based on the original applications and not holding grantees accountable to those deadlines. Finally, most projects were closed and completed successfully, but this procedure placed extra administrative and communication burden on both the grant staff

and the recipients. Some applicants admitted though that they did not have time to complete their projects, while other projects were withdrawn by the companies themselves.

6. *Internal Cooperation encouraged and synergy utilized*

With the development of the Grant Fund, and as a result of the decisions on funding, more and more Partners decided to apply for grants jointly and share the benefits gained. The best example of such a cooperative grant project was when new and older members of TRADE Romania decided to train together on Project Management. This exercise not only deepened the understanding and application of modern project management techniques with participating forms, but also proved to be an excellent team building exercise where new ideas and company presentations were also tested during a follow-up session. This joint use of grant money was an excellent example of how TRADE Partners can support each others development in an environment where no outside technical assistance or western trainer was present. This and similar examples proved to the TRADE Staff that the Network was close to becoming self-sustainable even from the point of view of internal training and technical assistance sharing. These developments underlined the importance of supporting joint grant projects, such as cross border staff exchanges and joint attendance of professional events which all are in the working progress showing tangible results in the TRADE project.

## Appendix 5 – Sample copy of Research Questionnaire

Please fill out the questionnaire below and return it to the TRADE Coordination Office in Budapest as soon as it is conveniently possible. As you know, we are busy planning the future of the TRADE network and your opinions and needs are an absolutely vital part of the planning process. Only your most honest and candid responses will be of value to us. Please tell us what you think even if it hurts. Just check the boxes below that represent your best answer to each question. There is room at the end of the questionnaire to add any comments you wish to make. Thank you very much in advance for your time and cooperation.

1. Would your company be willing to pay EUR 500 as a yearly membership fee for the following basic services provided by a small coordination office led on a part-time basis by COP Sandor Geszti in Budapest: a) Organization of one annual network conference, b) providing basic network communication and c) coordination of business opportunities, staff training and EU tender opportunities?

Yes ( ☐ ), No ( ☐ )

2. Would your company be willing to pay a EUR 1,000 yearly membership fee for the following services provided by a coordination office in Budapest led on a part-time basis by COP Sandor Geszti: a) Organization of one network conference and one promotional event per year, b) enlargement of the network with new service fields, c) organization of two international training sessions for interested parties within the network, c) maintenance and editing of a network website and a periodic online newsletter to stakeholders with a potential client link from the network website to your website?

Yes ( ☐ ), No ( ☐ )

3. Would your company be willing to pay a EUR 2,000 yearly membership fee and a 5% commission on deals through the network for the following services provided by a coordination office in Budapest led by COP Sandor Geszti and also using outsourced support staff as needed: a) Organization of two promotional events per year, b) organization of four training sessions for interested parties within the network, c) maintenance of a website and a periodic online newsletter to stakeholders and potential clients, d) direct mail and other marketing approaches to potential clients with follow-up calls recoded and documented? Services in this package would include active marketing efforts, PR and general sales efforts for selected partners, as required, performed by Sandor Geszti and his staff on a full-time basis.

Yes ( ☐ ), No ( ☐ )

4. Which one of the three options above do you think would be most desirable for your company to participate in? You can mark 'None' if you think that none of them are suitable for your company. The option described in...



Question 1 ( ), Question 2 ( ), Question 3 ( ), ( ) them None of

4. Would your company be willing to pay a EUR 1,000 entrance fee to provide the network coordinating office, led by COP Sandor Geszti in Budapest, with an initial budget and cash-flow to start promotional activities, start application for EU funds for network coordination, and network support activities for the whole network, as an organized group of professional service providers in the following eight service groups: Education, Financial Services, HR, IT, Law, Logistics, Marketing and Real Estate? Yes ( ), No ( )

5. Please rate each of the service categories below based on how successful you think they would be to develop in the network. Mark them '3' if they would be highly successful, '2' if they would be somewhat successful and '1' if they would be unsuccessful. Education, Financial services, HR, IT, Law, Logistics, Marketing Services, Real Estate
6. Please rate how important each of the tangible network benefits listed below would be for your company. Rank them '3' if they would be very important, '2' if somewhat important and '1' if not important.

Online services ( )

Newsletter ( )

Access to supplier information ( )

New or potential client contacts ( )

Staff Training ( )

Network events ( )

Promotional events ( )

7. Please check which of the categories below include your best potential clients. You may check as many as apply. Multinational companies, Green-field investors, Brown-field investors, Financial investors, Medium-size western firms entering my market, Local firms, big and small, Government/municipal clients, Donors, international development programs

8. Please check if you agree or disagree with each of the following statements:

I am not interested in being involved in the network.

Agree( )      Disagree ( )

I am willing to make a written and financial commitment for the network's success at the September conference if there is a clear work plan and budget published by August that we can finalize at the conference.

Agree with remarks ( )      Disagree ( )

I would be willing to pay a flat fee only to keep the network alive.

Agree( )      Disagree ( )

I would be willing to pay a commission only.

Agree( )      Disagree ( )

I would pay a combination of the two but not over the amount of EUR 3,000 per year by any means.

Agree( )      Disagree ( )

I would spend time and my company resources on training people from other companies in the network.

Agree but not free of charge ( )      Disagree ( )

I would like to form working partnerships with other companies in my profession.

Agree( )      Disagree ( )

I can coordinate the work of my professional services group for 6 months.

Agree( )      Disagree ( )

I can see value in letting competition enter the network after one year if membership numbers grow significantly and dues thereby decrease.

Agree( )      Disagree ( )

I am willing to adhere to strict network regulations to ensure a good standard quality service level.

Agree( )      Disagree ( )

I accept that I can be thrown out of the network if I do not adhere to the rules that we set up for ourselves.

Agree( )      Disagree ( )

I can see the network grow to about a 100 companies by the end of 2005.

Agree( )      Disagree ( )

If the umbrella organization in Budapest gets EU or other donor funding to support its core costs by the end of this year, I would be more willing to pay a membership fee.

Agree( )      Disagree ( )

10. Which of the following countries would you like to see added to the TRADE network.

Slovakia ( )

Slovenia ( )

Poland ( )

Czech Republic ( )

Bosnia and Herzegovina ( )

Macedonia ( )

11. For each of the statements below, please mark if you agree strongly (4), agree somewhat (3), disagree somewhat (2) or disagree strongly (1).

The network can bring me international contracts within one year.

( )

If asked, I can dedicate staff to network projects quickly to win joint bids.

( )

My firm is ready and capable of answering requests within 24 hours.

( )

My company can hold training of other network members at discount rates.( )

My staff will be given an opportunity to attend training provided by other network members.

( )

My company's services can be better sold abroad through a network of quality complimentary professional service providers.

( )

If the network brings tangible results by the end of this year to my company, I will be ready to renew my membership for 2005/6.

( )

I get business from my website.

( )

I am ready to invest time and money for training Sandor online and through the phone to better sell my services.

( )

12. Please add any additional comments you would like to make here

## Appendix 6 – Impact of TRADE Program on Partners

### Impact of the TRADE Program by company

<b>Bulgaria</b> .....	2
Market Test .....	2
Totev & Ivanov .....	4
ConsulTeam .....	5
BIANOR.....	7
EXPO TEAM .....	10
Business Center Serdon (BCS) .....	11
 <b>Croatia</b> .....	14
CM Expert .....	14
Consensus.....	17
Status Grupa .....	18
EKONERG.....	19
Perpetuum Mobile .....	23
Moj Posao/Selectio.....	24
 <b>Romania</b> .....	26
Quantum Leap S.A. ....	26
DC Communication.....	27
Business Development Group (BDG).....	28
Total Business Solutions (TBS) .....	30
Daedalus Market Research.....	31
Stefanica, Osmani and Partners (SOP).....	33
eNsight .....	33
Compass Consulting.....	35

## Bulgaria

### Market Test

Market Test is a leading locally-owned market research company in Sofia, Bulgaria and a founding member of the TRADE Network. The company has been among the top TRADE performers in terms of growth since joining the Network. A 30 percent growth in sales was recorded in year 2003, while during the period of 2001-2002 sales decreased by 10 percent. Market Test also hired five new employees for the Ad-Hoc Research Department.

The most significant internal development at Market Test since joining the TRADE Network was the launch of a new product. The Target Group Index (TGI) service was introduced on the local market with support from the TRADE Network Innovative Grant Fund in late 2002. The TGI project cost \$160.00 for Market Test, but the sizeable investment broke even in less than one year. With the help of this innovative market research tool, Market Test can now perform 10,000 interviews per year from a ready-made database on a regular basis and thus further balance its revenue flows. As part of the TGI project, the company also improved its data processing systems by the acquisition and the implementation of new specialized software as well as that of modern data scanning equipment. The TGI project entered its sales phase by early 2003. For this purpose Market Test utilized the sales expertise of TRADE Volunteer Expert Brian Piper with success. Besides developing the position of new business development manager, Mr. Piper has also set an example for a little bit of aggressiveness in sales that helps the company in its growth.

The availability of the TGI product in Bulgaria is a significant market development for the SMEs sector as well, since for 1/3 of the real cost smaller clients can have access to quality reports on big samples. At the current stage, Market Test is concentrating on big clients as potential subscribers to the TGI service and in six months will more aggressively approach the SME market with a special promotion. While already publishing articles in the professional press based on TGI data to educate the SME segment, the company plans to further emphasize the value of TGI later in 2003 and 2004. The SME campaign is in its early stage; nevertheless it is already creating awareness of the new product with small clients.

Recent quality standard improvements with Market Test are also focused around the introduction of the TGI project as the company can apply the „golden standard” quality approval received from TGI to other projects and processes. According to Managing Director Romyana Kalcheva, Market Test became better organized and more efficient and thus was enabled to provide better services to their clients since joining the TRADE Network.

Parallel with the growth and based on inputs from TRADE Volunteers, the firm radically changed its approach to Human Resources and organizational issues. The restructuring of the old Organizational Chart was partly a result of assuming new activities and partly a need to establish further growth. The reorganization and more structured approach to HR was valued by the firm as one of the major benefits of being the part of the TRADE Network. Market

Test is worked with HR specialist Malcolm Peplow on further improving its HR systems in the summer of 2003. The company didn't have an employee appraisal system before. „People are most important in our business, so we have to maximize our efforts in motivating them,” said Ms. Kalcheva referring to the ongoing HR reforms. Market Test is also engaged in building an objective bonus system as a result of recommendations from Mr. Peplow.

Training has also become a key element in developing and motivating employees at Market Test since the company joined TRADE. On one hand, employees through interactions with VEAs gained motivation to improve their English, while several VE spouses volunteered to teach them English over the past year. For most Market Test employees, this is their first job so they have to learn to “break-in”, Ms. Kalcheva noted. This was an area where a series of volunteers have also helped indirectly. Team building has been another important aspect of TRADE's contribution to the company's recent growth and raised employee morale. Formal training activities started recently every morning for new employees with help and insightful suggestions from Volunteers.

Working and interaction with TRADE partners also affected the organizing of the work in Market Test positively although the management style is still considered somewhat entrepreneurial. Ms. Kalcheva originally wanted to recruit a professional Managing Director for Market Test and step back to a more professional research position. However, after joining TRADE she realized that it was necessary to choose and develop a company manager from within the firm.

Although Market test has not done joint research projects with local TRADE partners yet, the company has been in a very good position to continuously refer clients to other partners. Interaction with TRADE Network partners outside Bulgaria had a great impact on the vision and the strategy of the company. Market test put special emphasis on meeting with other Market Research companies of the region such as TRADE partners Hoffman Research International from Hungary, Daedalus Market Research from Romania and Hendl Market Research from Croatia. Market test discussed with these partners business issues and the development of their companies at quarterly TRADE Network Meetings at length. This is how Market Test indirectly advised its Romanian TRADE partner to avoid a devastating price war on their home market by diversification. Market Test Managing Director Romyana Kalcheva thought it was important that such discussions could take place on the leadership level, since company heads participated at such events. These meetings and discussion influenced Market Test in creating a more sustainable vision for the future of the firm.

Market Test's most successful Volunteer Expert project in the TRADE program was delivered in the summer of 2002 by VEA Paul Murphy who worked with the company for only a very limited amount of time. Mr. Murphy worked with Peter Karadzov whom Market Test later lost to a major client. This experience made the management realize that it was crucial to spread the benefits of VEA projects and any training to a larger number of employees within the firm. The company would also prefer to use longer term assignments for the sake of more impact at the employees. Market Test was also instrumental in proposing the multiple use of technical assistance by sharing volunteer resources with several TRADE partners in and outside Bulgaria.

Because of the nature of the market research industry, Market Test believes that technical assistance in the form of Volunteer Experts and TRADE Grants were the most beneficial forms of support for their growth. Networking was important, but in their case mainly focused on similar companies from the market research cluster. It is not to say that the company could not definitely benefit from having contacts with the other partners. However, Ms. Kalcheva preferred not mention a single company in this context during the interview but rather emphasized that Market Test management has been given a general reinforcement from the TRADE group on the mental side. „We could discuss solutions that others applied thus creativity has always been stimulated” said Ms. Kalcheva.

Market Test’s strategy towards SMEs was also influence by the TRADE Network. The firm recruited new SME clients that subscribed to one of their key products, the omnibus research, after the inclusion of some SME specific market research questions in their questionnaires. Admitting that revenues from SMEs are not comparable to that of big clients, the company regards this as an increasingly important target group for the future.

#### TRADE’s impact on Market Test in numbers:

- The number of the employees in the company has grown from 31 to 37 in the last 20 months
- The revenues/savings resulting from volunteer expert assignments have reached about 5,000 USD
- The company’s revenue has grown by about 15 percent in the last 20 months

#### **Totev & Ivanov**

Totev & Ivanov has been with the TRADE Network since late 2001 as a dynamically growing young local law firm on the Bulgarian Market. Since becoming a Partner Totev & Ivanov has produced impressive results both in terms of growth in sales and being able to offer more consistent and solid business legal advice to its clients. The company moved to a prime location new 1,500 square feet office on the main street of Sofia from the previous one which covered only 600 square feet. Besides the continuous development of their website, the firm invested in new hardware with four new workstations so there are seven workstations in all in the new office.

Speaking about quality standards improvements, Managing Partner Dimitar Totev said, „We are able to deliver better services as a result of the expertise and knowledge transferred by TRADE Volunteer Experts that came to help us in our area.” More concretely, the firm became better organized and their response time became shorter as well. Their service has become more relevant to the needs of the clients by now.

The most remarkable cooperation with other TRADE partners was a joint seminar on labor regulations that the law firm delivered to local HR partner ConsulTeam’s clients. During the two-day seminar in May 2003 key ConsulTeam clients could gain insight to the rapidly changing labor regulatory environment. The seminar was organized and sponsored by ConsulTeam with the participation of ten clients, which found the event very useful and



professional. Besides the obvious PR value for Totev, the seminar has a very strong likelihood to lead to further business opportunities with ConsulTeam's clients

Working for the key foreign partner of ConsulTeam, MERCER, Totev & Ivanov also prepared recently and delivered an Annual Review of the Bulgarian Labor Law of 2003.

TRADE Volunteer Expert Mr. James Kambas was working with both TRADE's Croatian law firm partner and Totev & Ivanov during his assignments in early 2003. This gave the volunteer an excellent opportunity to present a comparison of Consensus and Totev. The review was useful to give insight on how the two companies are managed in culturally and juristically different environments. Both companies gained useful experience on issues like how they used non-legal staff and equipment. „We realized some of our strengths and weaknesses through this experience,” said Mr. Totev. Mr. Kambas noticed that Totev & Ivanov used non-legal staff better but did not have sufficient equipment which helped both firms to improve in their own weak areas.

Totev & Ivanov had altogether three Volunteer assignments, which were all very beneficial. With Mr. Richard Cherin, the company could discuss in-depth technical issues which were very enlightening for them. Mr. Douglas Hastings provided a new approach to organizational and structural questions and delivered solutions to the growing company. James Kambas introduced the company to key differences of the legal practice and strategies of the U.S. market, which the company could later adopt.

Working with TRADE partners in other countries and disciplines of business consulting proved equally useful for the firm. Discussion with Croatian Energy and Environmental consulting partner EKONERG gave the advantage of understanding specific technical issues that arose concerning a Totev project in the power sector. The presentation of Croatian TRADE partner CM-Expert on Project Management tools and techniques was another example at the December 2002 Quarterly TRADE Network Meeting for internal knowledge sharing from which Totev & Ivanov could directly benefit. As a result of implementing applicable knowledge of that training along with volunteer recommendations changed the everyday work of the company. The influence and the growth process of the company are characterized well by Mr. Totev's comment: „TRADE's overall impact is reflected in all we do now. We make more money; we are less hectic and are moving to a stage where we know what we need.” The most significant volunteer support was embodied however in detailed discussions of real-life legal cases and specific advice on general and detailed legal issues that the company handles. As a direct result, the sophistication of the firm changed overall.

Mr. Ilian Ivanov, the company's managing partner participated at an ACCA accounting training with the support of the TRADE GRANT fund, which was equally important for gaining a more solid business advisory knowledge base. Several volunteers have sent books to the company that the company appreciates in expanding their knowledge.

**ConsulTeam**

One of the founding partners of the TRADE Network, ConsulTeam is the leading local Human Resources Consulting and Recruitment Company in Sofia, Bulgaria. The firm became truly international since joining the Network in late 2001.

ConsulTeam received 3 grants from the TRADE program over the past 18 months in the total value of \$12,000. TRADE Grant projects helped to change the image of the company, according to Mr. George Parvanov. The most significant grant projects were the ones that helped the firm open branch offices in Belgrade, Serbia in 2002 and in Zagreb, Croatia a year later. In partnership with local professionals, ConsulTeam staff has been working hard to train the staffs of both new offices. With these TRADE Grants, ConsulTeam conducted initial marketing and registered the offices much sooner than they otherwise would have, introducing new services to new markets and reaping the benefits of cross-border collaboration. After only three months of operation, the Serbian office broke even, and is now beginning to show a profit. ConsulTeam has offered other TRADE Partners the use of both of its foreign bases to expand their own operations in the countries.

Since joining the TRADE Network, the dynamically growing young HR company not only upgraded its existing website, launched two new websites and bought new equipment, but significantly increased its office space (by 1,300 square feet) as well as added seven new employees to its team.

Training of employees is an integral part of ConsulTeam's HR policies and a key to their success. Ms. Nadia Voinakova, the Business Development Director of the firm participated at a special Selection Skills training in London with the support of a TRADE Grant. The training was delivered by the world's leading HR Company in the selection field and the results were shared with interested TRADE Network partners at the 7<sup>th</sup> Quarterly Network Meeting. The presentation of the training is in Appendix 8 of this report. According to the company's clients the overall quality of their service has improved a lot. This is due to cross cultural trainings and discussions within the TRADE Network that were very useful for ConsulTeam as they could become more sensitive, receptive and could overcome prejudice.

ConsulTeam has been very active in building business relationships with both domestic and foreign TRADE Network partners. As part of a strategic alliance with Bulgarian TRADE Network partner, Totev & Ivanov, which specializes in legal services, the two companies market themselves to a number of Bulgarian and international clients that need assistance in restructuring as they privatize local firms. The two companies' management meets bi-weekly and they regularly exchange information on potential clients and projects to target. Examples of this strategic cooperation include joint due diligence services before the acquisition of companies by foreign investors where Totev & Ivanov supplies legal and ConsulTeam HR due diligence services.

ConsulTeam is actively working with foreign TRADE Network partners in Croatia, where their key new product, the Salary Survey is currently launched through their new Zagreb office. TRADE partners are providing data for the survey. ConsulTeam also approached Croatian partner EKONERG to sell them HR Consulting and Training services, since the company is having growth problems. There is also a good cooperation between ConsulTeam and the local HR partner Moj Posao. ConsulTeam's Salary Survey is advertised on the Moj

Posao website and the two companies well complement each other by regularly referring clients to each other since ConsulTeam entered the Croatian market.

HR Due Diligence, as a new product, was developed by ConsulTeam with support from a TRADE Human Resources Volunteer Expert, Ms. Nena Gebhardt, who worked with ConsulTeam for over two months in the summer of 2002. The project helped to improve the company's organizational development services and added several other new products to the company's portfolio besides HR due diligence. The VEA also helped ConsulTeam market their new services to several new clients. This was considered as the most successful VEA project, as it resulted in specific and special benefits: "she brought real know-how to us," said Managing Director George Parvanov during the interview. The company still uses Ms. Gebhardt's HR-Audit form adapted to the local conditions as well as the bonus and the appraisal systems that they developed with the TRADE volunteer.

Quarterly TRADE Network Meetings enabled the management of ConsulTeam to strengthen the relationship with other partners. Interaction with them helps ConsulTeam a lot in finding better business solutions and overcome cultural differences as they grow into other markets in Central Eastern Europe. ConsulTeam appreciated the fact that Quarterly TRADE events got more and more practical over time. Knowing local and foreign TRADE Partners of high quality professional standards is very highly valued at the firm. ConsulTeam has recently started to build cooperation with new Romanian HR partner Total Business Solutions in Bucharest, Romania by client referrals and later plans to move into joint projects that are even more important for Consul Team.

The company's internal HR systems were also improved through participation with TRADE. The compensation package was changed and job descriptions improved with the volunteer project, while working with TRADE partners affected the organizing of the work in Consul Team positively. „We became international, and that's what we wanted to do. Our global vision is the same but TRADE speeded up the process. Our direct financial benefit from TRADE is close to \$18,000. TRADE had the most significant impact on Consul Team among all donor projects we have been involved with," concluded Mr. Parvanov.

#### TRADE's impact on ConsulTeam in numbers:

- The number of the employees in the company has grown from 11 to 19 in the last 18 months
- The revenues/savings resulting from TRADE partners within country have reached about 20,000 USD
- The company's revenue has grown by about 25 percent

#### **BIANOR**

Bianor is a full-service software development and IT consultancy company that focuses on interactive web-based and mobile solutions. Being one of the new TRADE Network Partners in Sofia, Bulgaria the company could not utilize all of the available program resources so far. However, the internal growth as well as the level of cross-border business cooperation with

other TRADE partners that the company managed to facilitate in the past seven months is impressive.

Besides doubling their office space to 4,000 square feet the company grew by four new employees since joining TRADE and plan to add two more staff before the end of 2003. Parallel with the growth in the number of employees, the company upgraded its computer systems and added new workstations for the new employees.

One of the most significant steps for Bianor with the TRADE Network was the company's ISO certification. Bianor did not have a full scale quality system in place before joining the Network. Instead, they used the Rational Unified Process, (RUP) a project management methodology related to IT projects that didn't affect the company as a whole.

Since a quality standard was needed for all the departments of the company to improve overall processes, Bianor investigated different potential solutions with the help of TRADE Network Volunteer Experts. One quality system introduced was CMMI that is customary in the United States but is not fully accepted in Europe. TRADE VEA Mr. Roy Porter worked with the company in early 2003 to introduce the CMMI system in more detail to the company. This was considered the most successful VEA project for Bianor so far as the volunteer spent most of his time working with almost all of the employees on a lot of the technical details of the CMMI quality system. His provision of information sources was inevitable for the firm's later development.

Later, the ISO 9001 quality system as the European equivalent of CMMI was also considered for adoption and further explained to Bianor by TRADE Volunteer Expert Ray Genick. Through interactions with other TRADE partners and companies in the IT field Bianor management decided to be prepared for both quality systems. In most of their processes they started to follow CMMI. However, as a combined result of the three volunteer assistance projects and all the inputs the company received in early 2003, the decision was made to take the firm through the ISO 9001 certification process.

VEA Ray Genick, who also worked with other Bulgarian TRADE partners during his assignment, helped Bianor in the preparation process for the ISO pre-audit and further explained to the company the documentation requirements. Later, Bianor had in-house ISO consultants working with their staff and after passing a successful pre-audit in May 2003 the full ISO 9001/2000 certification is expected by October 2003. The internal ISO training and the pre-audit was supported by the TRADE Network Grant Fund. With the support of TRADE, two employees will be certified as internal ISO auditors: the accountant and the office manager. Later on these internal auditors will audit the company every three months. Bianor's ISO certificate will be renewed every three years. As a direct impact of TRADE on Bianor clients the company considers the new quality systems as the most pivotal benefit. „Existing clients are extremely happy with the ISO system while new clients always ask about the quality assurance,” explained Ms. Setchanova.

As the third volunteer, VEA Ken Matusow worked with Bianor in the spring of 2003 on improving the firm's sales and marketing capacity. Mr. Matusow still continues to help

promote Bianor services on the U.S. market after his assignment finished. He has been trained on Bianor's capabilities and may later become an official Bianor representative on the US market.

During the 6<sup>th</sup> Quarterly TRADE Meeting, (held in Budapest in December 2002) Bianor already identified a potential business partnership with a Romanian TRADE IT company, eNsight. The two advisory firms plan to work together to provide 3G Networking to several mobile operators in the region. Romania has a 3G network already operational but not many applications are available so far. The two companies agreed to do joint presentations of their complementary capabilities. In addition, Bianor has applied to create the website of another Bulgarian TRADE Network Partner, Totev & Ivanov.

Bianor's proactive networking approach paid off soon after the company started interacting with other IT companies in the Network. Croatian IT partner Perpetuum Mobile introduced Bianor to Captaris of which firm Perpetuum has been a representative in Croatia for a number of years. After the initial introduction in March, 2003 Captaris' CEE Director visited Bianor, provided training to them, built sales strategy and authorized the company to be their representative on the Bulgarian and the Macedonian market. Captaris is a leading provider of unified communications and mobile business solutions that allow companies to improve business communications with customers, partners and employees. The company provides access to and control of critical business information from almost any communications device and enhances communications workflow by improving the way in which company stakeholders exchange information. Captaris has more than 80,000 systems installed and over one million users worldwide, with 80 percent of Fortune 100 companies using the company's award winning products and services. Founded in 1982, Captaris is publicly traded under the symbol "CAPA" on the NASDAQ Market. The representation of Captaris required the birth of a new branch within the company. Overall, the company is focusing more on services today, such as software development and outsourcing services which are part of their strategy change influenced by TRADE relations.

Cooperation and interaction with other IT companies proved to be very important for Bianor to identify other new project opportunities as well. Seeing the benefits of joint networking opportunities and synergies thus brought to surface, Bianor volunteered to coordinate the creation an IT capabilities data-sheet of TRADE's IT partners to clearly indicate the activities and the service offerings each IT company has in the Network. A copy of this IT capabilities data sheet is in Appendix 9 of this report.

TRADE has also changed the company's approach to new markets in the CEE region. Bianor initially concentrated more on Western Europe and the USA. Gaining solid business information about the CEE business prospects from other TRADE partners is turning the company into new directions for future market development that will ultimately result in creating stronger economic ties within the region. "TRADE is an important channel to form our company vision about how to work in international markets close to us," noted Business Development Director Petia Setchanova in this regard during the interview.

Bianor's strategy towards SMEs is also influenced by TRADE. The firm works with SMEs mainly abroad, not in Bulgaria as local SMEs don't have the resources for more sophisticated

IT systems yet. Outside Bulgaria Bianor works with start-up companies in developing systems, such as sports betting applications. Gaming is a huge business for SMEs operators.

New product development is also becoming a key area success behind the growth Bianor. The company had five ready-made products that they were trying to sell but today they are developing more. One of the company's new products is a Remote Monitoring Service of External Servers. To support the offer of this product, Bianor recently started a 24-hour IT support center. The first contract was already signed with Japanese client.

Finally, In Bianor's view the TRADE Network entered a stage of development where it needs more partners from other fields of business services (such as Advertising and Promotion; Accounting; and Financial Services) to join. Such diversity can attract more members to join and thus make the network more sustainable in the future.

TRADE's impact on Bianor in numbers:

- During the 8 month as a TRADE member, the number of the company's clients has grown by about 15 percent
- The number of the employees has grown from 25 to 28 during the same period
- The number of the out-of-country business partners has grown by about 15 percent

## **EXPO TEAM**

Expo Team is another new TRADE Network member in Bulgaria. The company specializes in organizing trade shows and exhibitions such as the Sofia Motor Show, Kids Paradise and Home Techno. Expo Team is interested in using the Network to promote Bulgarian companies in other countries in the region, and regional companies in Bulgaria. They have offered to co-sponsor an exhibition of TRADE Network Partners and their clients in Sofia. Furthermore, with the assistance of a TRADE Volunteer Expert Advisor they are engaged in the process of organizing an Anthony Robbins Sales Seminar in the National Palace of Culture in October 2003 as a brand new event in Bulgaria. Anthony Robbins is one of the leading authority of the psychology of peak performance and personal and professional as well as organizational turnaround of the world.

Since joining the Program there have been no changes in the ownership structure of the company or the number of employees. VE changed web design and content.

Working with local TRADE partner Business Center Serdon, Expo Team planned a conference with for exhibitors on how to benefit from an exhibition. Organization of the event started three months ago.

Organizing the Sofia Motor show was the biggest success of Expo Team in this business year. The show attracted 80,000 visitors. While Expo Team invited all Bulgarian Network members, Market Test, Business Center Serdon and Bianor took advantage of participating at the event. One of the highlights of the trade event was the introduction of the new BMW 5

model that was not supposed to happen before the official launch in Frankfurt is September 2003. A further high visibility part of the event for some TRADE some partners was the Car of the Year Show where 40 local journalists selected the best car in Bulgaria.

Interaction with the other Partners helped Expo Team understand other companies, from the aspect of implementing EU standards in their everyday business practices. Unfortunately there are no other event management companies involved in the Network; therefore Expo Team has fewer opportunities to interact with companies in its own field of expertise. A potential direction of further expansion could be the involvement of similar companies in other countries of the Network.

The most successful VEA project was made with Richard Westerfield. He helped in focusing markets focus. Mr. Westerfield spent four weeks with the company and helped change marketing materials and concentrate efforts on niches that are valuable opportunities for Expo Team in the current stage of market development.

#### TRADE'S impact on Expo Team in numbers:

- During the 8 month as a TRADE member, the number of the company's clients has grown by about 5 percent
- The number of the employees has grown by 10 percent
- The number of new or improved product categories or service areas has grown by about 5 percent

#### **Business Center Serdon (BCS)**

Business Center SERDON (BCS) is well known in the Bulgarian business community and has extensive experience working collaboratively with a variety of companies. Consequently, it is the Coordinating Partner for the Network in Bulgaria, spearheading joint activities in the country. The company facilitates foreign direct investment, organizes events, and has a strong freight forwarding division.

Through the TRADE Network, Business Center Serdon has teamed up with CM-Expert, a Croatian Project Management company, to bid on two US government projects to build new embassies in Yerevan and Baku. The company also collaborated with CM-Expert and BDG in Romania to produce a booklet on financing opportunities in the three countries for SMEs. In addition, with the help of various US Volunteer Expert Advisors, the company has been improving its internal sales force and is creating a new service in events management.

VEA Bryan Piper helped BCS to prepare a full set of contracts and helped restructuring their fee systems. He left templates that are very useful. Later Ray Genick further improved the billing system as part of a preparation for ISO quality standards. As a result today BCS has a clear and well structured system.

BCS also established a sister company for freight forwarding with 40% stake. This affiliate is being merged with a transportation firm with the help of local TRADE partner Totev & Ivanov, preparing the contract.

The company's English version Website was upgraded after joining the program. The company bought three new computers and a new printer as well as opened a new branch office in Dobrich, Southern Bulgaria with three employees and three PCs and a printer. The new office started working in 2002.

BCS is working on the company's ISO certification but could not meet the deadline of the TRADE Network Grant Fund to qualify for support. Nevertheless BCS signed a contract with an internal auditor and started to implement two quality manuals and the documentations (Quality System) that was set up with the help of TRADE VEA Mr. Genick. The company would like to use Mr. Genick to conduct the preliminary ISO audit. BCS expects to be certified for all of their services in the ISO 9001 quality system by the end of 2003.

BCS recently submitted a proposal to a major Bulgarian holding company to form management team to manage the turnaround of the holdings plants based on a success fee. The management team will be set up by three members: a foreign advisor (where BCS would like to use a TRADE VEA), a BCS member and a holding representative from the owner side. The expert advisor would be needed for a period of 6 months to prepare a Business Plan and start the process, train the other two members of the team for the rest of the turnaround process. This project could be repeated with all of the holding company's ventures. A contract with the help of Totev & Ivanov is currently being drafted on this project. Totev will also work on the legal, while ConsulTeam on the HR due diligence.

As a result of one the most successful VEA project with BCS, former TRADE volunteer Earl Glenwright returned to Sofia to set up a Center of Excellence on Project Management Support services in Bulgaria. This private venture would provide world class project management services to any major projects from a central location and knowledge base.

Quarterly TRADE Network Meetings enabled the management of BCS to meet various business people, exchange experiences and ideas. Company heads had an opportunity to establish both personal and business relationships that will result in more concrete projects in the future.

According to BCS Managing Director Gergana Valova „There is a direct link between TRADE and BCS clients benefiting from the changes that occurred with our firm. Before joining the Network, we used to provide services that were not focused.” As a result of VEA assistance and the longer term MBAEC support we managed to structure our company better and focus on certain areas.” Today BCS has three main fields of services: Gold Key; Services for Business Associations (an activity the firm plans to organize in a separate affiliate soon); Events Management (Conferences and Seminars). A new organizational chart developed with assistance from TRADE is in Appendix 10 of this report.



TRADE'S impact on BCS in numbers:

- The company's revenue has grown by about 35 percent in the last 20 months
- The share of export services in their revenue pie has grown by about 45 percent in the same period

The company made around 5,000 USD revenue or savings from TRADE partners within a couple months.

## **Croatia**

### **CM Expert**

CM Expert is a founding member and the coordinating partner of the TRADE Network in Croatia, as a leading Management Consulting company, established in 1991 as one of the first such Croatian companies. The firm offers Project and Corporate Management advisory services on the local and increasingly on the CEE market since joining the Network.

Since joining the TRADE Network in late 2001, the company has grown at such a pace that its own share capital had to be raised from \$ 3,000 to \$50,000. The investment was made to support the quick growth of the company and to ensure that monetary resources are not taken away from company operations. Managing Director Dario Luketa and his father Vitomir Luketa's share in the company thus increased to 99.6% compared to the former 85% earlier with the recent own capital increase.

CM Expert had a new IT system installed, bought new software, as well as regularly updated the company's website over the past 18 months. One of the most significant developments in the company's life is that CM Expert's business units are now all ISO 9001 certified. The certification program was supported by the TRADE Network Grant Fund throughout the process in 2002. The new certification enabled the company to decrease its response time to clients and make offers in one day. Earlier it took CM Expert one week to complete a project proposal. Today CM Expert already provides ISO qualification services to its clients. For this purpose a new department was established in 2003 which currently has seven ISO projects running for clients. The company's ISO-14000 environmental certification project is also currently underway performed by an internal auditor Marko Silj.

The most significant joint project with TRADE Network partners from other countries was CM Expert's involvement in the preparation of a financing sources handbook titled "Selected Financing Programs in Bulgaria, Croatia and Romania". The book published and distributed free of charge in December 2002 to a large number of SMEs in the region contains key regional financing information to help SMEs of the selected countries access those resources. The project was financed by TRADE's Grant Fund and coordinated by the Business Development Group, TRADE's coordinating partner in Romania. A copy of the book can be found in Appendix 4 of this report

CM Expert, after their success with a similar project in Zagreb Croatia successfully bid for a subcontract in the construction project of the US Embassy Building in Sofia. Providing Project Management services to the project director and using a local TRADE partner for support in organizing meetings and clearing issues with local builder was a good example of how TRADE partners can facilitate each other's growth into neighboring markets.

CM Expert's most remarkable experience with a Quarterly TRADE Meeting was a Presentation Skills Seminar provided by Human Telex Consulting, TRADE's Hungarian

training partner in Budapest. The training, organized as part of TRADE's 5<sup>th</sup> Quarterly Meeting in Budapest helped a lot to reveal and tackle presentation skills problems for the Managing Director and a key consultant of the company. The friendly environment and the trainer's insightful and helpful remarks made clear what is supposed to be changed in running a good presentation to further improve the business development capabilities of key CM Expert leaders. Hungarian partners of the TRADE Network are often used as trainers and mentors for other partners in less developed markets. In exchange, Hungarian partners create business contacts with the help of TRADE partners in their emerging markets.

As part of the technical assistance provided by the TRADE program in Croatia, VEA Earl Glenwright has managed to do a lot for the company in a short period time, during a couple of meetings, while he was on his way to a TRADE assignment in Sofia, Bulgaria. CM Expert and Mr. Glenwright are still in touch today to cooperate in future US Embassy project bids where CM Expert gained a competitive advantage by their experience already. Overall, the advantage of using volunteer expert advisors was extremely beneficial for CM Expert, as the company could cooperate with professional and open-minded experts who were ready to share their experience in doing business on more mature market. CM Expert expressed a need for more volunteer expert advisors in a shorter response time in the future.

CM Expert has developed a better management process from which their SME clients benefit in an increasing way. The company has signed three new contracts recently that are closely related with TRADE's activities and support: One for the construction of the U.S. Embassy in Sofia (in the value of \$100,000), and others with the Croatian Water Works for several feasibility studies for the water pipeline system.

CM Expert has also been very active in pursuing cross border business opportunities with other TRADE partners. BDG in Romania invited the company to participate at an infrastructure conference organized in Bucharest called RIDE. As a result, CM Expert, BDG and EKONERG submitted to the Government of Romania a joint proposal for a feasibility study for a major infrastructure project. However the bid was unsuccessful, the effort represented the first international consortium of TRADE companies bidding for a government project.

CM Expert has set up two new departments since joining TRADE. The R & D Department is involved in the implementation of ISO 9001/14000 quality standards in other companies, while the Municipal Management Department supports municipalities to better organize and finance their companies and activities.

TRADE also influenced CM Experts overall approach to the SME sector. As Managing Director Dario Luketa said, "First our focus was big clients. I found out though that I could not compete with the Big Four on the whole market. When EBRD is in ownership of a big local firm, it's hard to work for them as a local consultant. Now big companies are not in our focus any more. Small and Medium Size firms (50-150 employees) are our primary targets today".

TRADE's impact on CM-Expert in numbers:

- During the 18 months as a TRADE member CM Expert's revenue has grown by 70 percent!
- The number of the out-of-country business partners has grown by about 35 percent
- The company made around 30,000 USD revenue or savings from TRADE partners within country and another 30,000 USD from TRADE partners abroad
- The company has had about 20,000 USD revenue or savings through TRADE partner referrals locally

## **Consensus**

Consensus, TRADE's business legal advisory partner in Zagreb, Croatia turns 7 years in September 2003. While year 2002 was the worst business year for the company so far, 2003 seems to be the best year. The company grew by 60% in terms of the number of employees since joining TRADE and secured a number of sizeable projects lately. While there are admittedly unexplainable elements of the recent growth, a couple of factors proved determining in the firm's development. One is the influence of TRADE VEA James Kambas, who convinced Consensus to change its billing practices, since the company was considerably under billing, according to the volunteer expert. Although the management of Consensus admits that the work load this year made it impossible to fully implement the advisor's recommendations, billing policies were changed on one hand, and the client focus has also shifted towards SMEs on a retainer basis. Earlier the firm's target group was exclusively big international and some local clients. Hitting the bottom in 2003, however made the company think about strategy changes to have smaller local clients on retainer basis. Parallel with the strategy change "huge projects also hit us", said Managing Director Sanja Juric during the interview. Consensus turned to local SMEs that are growing fast and are connected to foreign markets as well in 2003. This results in more stable and foreseeable revenue flows.

One of Consensus' new products recently developed for SME clients is "Corporate Housekeeping" that includes both legal and business consulting services for companies to protect them from committing costly legal mistakes during their normal course of business. The launch of the new product enabled the company to spread out its client base and apply more retainer fees than before.

Also as a result of the brisk growth Consensus has experienced in 2003, the company is currently looking for new office space to buy. By the end of the year they would like to double their office size to 1,500 square feet.

Consensus has been very active in working with other TRADE Network partners within and outside Croatia alike. Local TRADE coordinating partner CM Expert approached them several times as a result of which the two companies submitted joint proposals but did not manage to work together on a joint bid so far. Consensus did legal work for TRADE's local market research firm Henda and most recently established ConsulTeam Zagreb, the local affiliate of TRADE's Bulgarian HR consulting firm and is also in the process of signing a retainer agreement with the same company.

Consensus received two grants from the TRADE Network Grant Fund. Both projects were aimed at supporting the participation of Consensus lawyers at international Mergers & Acquisitions events organized by the International Bar Association. Focusing on latest trends and developments in this area helped Consensus in starting to promote themselves as specialists in the M&A area in Croatia. Grants also helped the company to keep up with changes concerning Croatia's EU-accession process.

Sanja Juric also emphasized during the interview that "I have a positive feeling about TRADE. It is an excellent way to exchange ideas about running businesses in different

cultures. It is comforting for us to hear that others are having the same problems. TRADE was an extremely open forum to share problems and solutions. This all adds to your strategy and policies. It was an amazingly positive environment that was not threatening for learning presentation skills!” Barbara Raguz, Consensus Junior Partner added: “We really started to think as a business as a result of relationships within TRADE. VEAs gave us concrete tools to analyze and develop the business further. For example, Consensus hired an administrative support person not to waste time on that activity, based on the explicit recommendation of VEA Kambas.” All this resulted in a better corporate edge with other firms on the market, according to the firm. Hearing different perspectives from other partners did give Consensus new ideas, while industry specific meetings were important for them to compare their practices with those of similar firms in the region.

#### TRADE’s impact on Consensus in numbers:

- The company’s share of revenues from SME clients has grown by about 25 percent during the 20 months as a TRADE member
- The number of the employees has grown from 3 to 5 during the same period
- The company has made about 5,000 USD revenue or savings through TRADE grants

#### **Status Grupa**

Status Grupa is one of the newest members of the TRADE Network in Zagreb, Croatia as a leading PR and Advertising Agency working for a number of international clients, such as Microsoft and Ford. Since joining the network in late 2002, the company has undergone massive developments, hired new staff and also integrated well into the network.

Spending only a few months with the rest of the group, and having participated at two TRADE Network meetings, the company has already started to both share ideas with and benefit from the interaction with their counterparts in Bulgaria and Romania.

As one of the most recent cross-border projects in TRADE, Bulgarian Human Resources Consulting partner ConsulTeam is opening a new office in Zagreb. Status Grupa is in charge of organizing the PR and Advertising activities of the new office opening, buying media space and supplying creative work. The opening of the Zagreb ConsulTeam office is planned for September 2003. Working for local marketing research partner Henda, Status Grupa will organize a presentation campaign of the firm’s new research product to advertising agencies in the fall and also invited Henda to participate in a product research project for Microsoft.

Status Grupa also mentioned that the company’s presentation skills have improved significantly since joining the TRADE Network, due to the increased exposure to professional audiences from other TRADE partners and the opportunities to make presentations at such events.

#### TRADE’s impact on Status Grupa in numbers:

- The number of the employees in the company has grown from 7 to 8 during the past 8 months as a TRADE member

## **EKONERG**

EKONERG, as an engineering consulting company focused on environmental consulting has been a founding member of the TRADE Network in Zagreb, Croatia. The company is active in a number of engineering consultancy activities, but the most active part in TRADE's activities is the Environmental Consulting group of the company. EKONERG is largest company in terms of the number of employees among the members of TRADE. Participation in the TRADE Program brought forth a natural re-grouping within the Environmental Department which enabled EKONERG to be more focused on the special service areas the company is best at.

Since joining the Network, the TRADE program and its influence has also promoted EKONERG's management to be more open towards change and work on higher level management and strategy issues. As a result, the company, that is a successor of a state-owned energy institute, recently created internal cost-centers that cooperate with each other on different projects. A new cost-measuring system was also introduced and implemented at the firm.

As part of the changes, this year EKONERG moved to a new office, doubling its size from 8,000 to 16,000 square feet. The total number of employees increased from 65 to 83 since EKONERG joined the TRADE Network. Other infrastructural developments included the upgrade of the IT system and the acquisition of new measuring equipment for the Environmental Department that TRADE partners are mostly interacting with. EKONERG also bought new system software from another TRADE Network partner, Perpetuum Mobile, an IT consulting company, recently. The company was recently re-certified according to the ISO 9001 quality system that the firm originally obtained in 1995. At that time, EKONERG was the only Croatian consulting company with the ISO 9001 certification progress underway.

CDC's Long term MBA Enterprise Corps Volunteer John Wirth has spent four weeks with EKONERG in the summer of 2002, during which time he made an internal organizational analysis of the company with the purpose of making strategic recommendations to align the company structure better to the changes that the rapidly developing CEE energy and environmental consulting market requires. As part of the assessment process, Mr. Wirth interviewed a large number of EKONERG employees that made a very good impact on the morale. "They saw that the management wanted to understand them." said Mr. Zarko Jakovlevic, one of EKONERG's leading consultants during the interview. As a result of the project, key HR and organizational issues were pointed out and recommendations drawn up that the company managed to implement over the past months to make the organization more effective and responsive to client needs.

Training programs supported by the TRADE Network Grant Fund proved to be the most beneficial form of TRADE's technical assistance extended to the company over the past 18

months. During a two-week training program provided by Belgian experts and co-financed by the TRADE program, EKONERG engineers were able to acquire specialized software knowledge that helped the company to further differentiate itself on the local market.

Participation at a series of Quarterly TRADE Network Meetings enabled the management of the company to meet with various business people from different consulting disciplines, and exchange experience and ideas with them in a very open style. The company also benefited from learning how the other local consulting firms manage to survive in their own markets.

Besides this, EKONERG valued the opportunity to understand how economic development projects are structured and funded. According to Mr. Jakovlevic, the company benefited most from the interaction with the program and other peers in the network by learning the language of international donors. This enabled the company to better understand clients that use donor funding and thus successfully bid on new projects with them. Working with TRADE also affected the organization of the work flow in EKONERG positively.

Although EKONERG could not utilize much of the short term VEA expertise the program provided so far, due to internal organizational challenges, they would like to use this resource when the TRADE program is extended. US Volunteer Experts focused on projects of 2-3 weeks would be welcome and highly appreciated in the future. The clients of EKONERG could indirectly also benefit from changing the way the company is managing its projects, due to influence from and technical support TRADE partners and the program.

EKONERG, as a founding partner of the TRADE Network has always been very active in building both cross-border and in-country business relations with other TRADE members. The company is currently helping Romanian TRADE partner Business Development Group (BDG) to start up an environmental consulting business unit. Since the environmental sector is in a boom in Romania, parallel with the country's accession to the European Union, BDG decided to develop this new business line within their portfolio of current offerings. Bulgarian TRADE Partner ConsulTeam referred some of its clients' to EKONERG for training in late 2002. As a result, the clients' technical staffs were trained by EKONERG in environmental consulting techniques and technologies. EKONERG finds it very useful to know quality local consulting companies in the region in case they need them as cooperating partners for future projects. The trust level that was built up between the partners in the TRADE Network over the past year and the half represents an enormous potential for the company in future projects as the region develops economically.

#### TRADE's impact on EKONERG in numbers:

- The number of the employees in the company has grown from 66 to 80 during the past 20 months as a TRADE member
- The company has made about 3,000 USD revenue or savings through TRADE grants



## **Hendal Market Research**

Hendal is a leading market research agency and a founding member of the TRADE Network in Zagreb, Croatia. For Hendal, relationships and the information exchange have been the main benefits of being part of the TRADE Network in the past 18 months. An equally important benefit was working with Volunteer Experts with most of whom Hendal still has an ongoing relationship. Continuous communication with volunteers and other TRADE stakeholders gave Hendal's management confirmation that the company was on the right track in coping with the challenges of the increasingly competitive local market environment. Although Hendal admits that it could not maximize the use of all program resources and assistance offered due to the lack of time, the company experienced a positive and measurable impact both on its image and on sales development.

Since joining the program, Hendal went through a rapid phase of development and structural reorganization. Developing a new website from internal resources, moving to a new and larger downtown office and developing a new visual presentation were results of earlier growth. It is remarkable however that in terms of the physical environment today Hendal has the best technical equipment for qualitative research in Croatia. As part of the establishment of a new management team to support the work of the Managing Director, two new leadership positions were created. Today, both the Business Development Manager and the Operations Manager are active partners in the TRADE Network, besides Nevenka Hendrih, the Managing Director. Hendal also established two new departments, one focusing on Research and Development, while the other on Market Research.

Hendal developed and launched two new market research products, the AdVisor Campaign Tracker and the Brand Performance on the Croatian market with the assistance of TRADE VEA Paul Murphy in 2002. Both research methodologies are regional in nature and Brand Performance is especially destined for the SME market. (A detailed description of these two research products can be found in Appendix 5 of this report.) As a direct result of TRADE's technical support in new product development Hendal foresees an increase in sales of €100,000 in 2003. The company's strategy has also changed towards SMEs since joining the Network. Hendal expects increasing this segment in their portfolio by offering consultancy services to them. Hendal expects the TRADE program to continue in Croatia and would like to utilize further technical assistance in the field of developing a new Customer Satisfaction methodology later.

Hendal was ISO 9001 certified before entering the TRADE Network, but Ms. Hendrih thought it was important to note that the company was re-certified in 2002 and achieved the highest grade possible. Hendal's ISO Quality Manager, Ms. Morana Kristek is an active member of the TRADE Network.

Hendal has been an active participant of the market research industry cluster within the Network. Working with Hungarian market research partner Hoffmann Research International, Hendal managed to improve its qualitative research capabilities. With the program's support Marta Hoffman, the CEO of the Hungarian partner gave a two-day seminar to Hendal staff in the spring of 2003 in exchange for VEA assistance the Hungarian company received from

visiting volunteers over the past 18 months. The seminar focused on the management of the qualitative research process.

Through interactions with local TRADE Network partner CM Expert, Hendal realized that project managers at the company needed more training in project management tools and techniques. As a result, CM Expert delivered a 20-hour seminar on Project Management to key Hendal staff in January 2003. The training helped Hendal realize that it also needed customized software solutions for specific project management problems. Besides strengthening basic project management knowledge, the training also enabled Hendal to discover that Microsoft's Project Management software was not suitable for their purposes. Through further Network interactions Hendal discovered that EKONERG had a similar problem and already developed a simplified version of the same tool for their own use, which the company offered to share with Hendal. In this local network cooperation CM Expert pushed Hendal in the good direction of discovering different project management solutions and another Network partner was ready to share a tool that they developed for themselves earlier.

As another example of fruitful local network cooperation, Croatian TRADE partner law firm Consensus provided legal services to Hendal in different smaller legal issues this year which experience led Hendal to consider using the services of the same partner for larger transactions, such as acquisitions later. At the same time Consensus admitted that with the support of TRADE they became better positioned in the expertise of Mergers and Acquisitions.

As almost all TRADE partners in or recently entering Croatia, Hendal also used the services of Moj Posao, TRADE's local HR partner in recruiting new employees. As a natural tie within the marketing business PR and advertising Agency Status Grupa offered discounts for Hendal on newspaper advertisement. Furthermore, the partner also referred one of its key clients, Microsoft, to Hendal for a market research project of a considerable size. The two agencies are currently working together on developing Hendal's Image Brochure. Status Grupa is in charge of developing the text for the brochure. Local IT consulting partner Perpetuum Mobile offered a website development project and tool to Hendal that the company could not afford (at the cost of €20,000). Instead, Hendal decided to develop a new webpage internally for a significantly lower amount. This experience must have played a key role in Perpetuum's decision to develop iSite Lite, an SME version of their web design and maintenance tool product offered today at a significantly lower price level to SMEs in and outside Croatia.

#### TRADE's impact on Hendal in numbers:

- During the 19 month as a TRADE member, the number of the company's clients has grown by about 15 percent
- The number of the employees has grown from 12 to 17 during the same period
- The revenues/savings resulting from volunteer expert assignments and TRADE grants have reached about 44,000 USD

## **Perpetuum Mobile**

Perpetuum Mobile is TRADE's Croatian IT consulting company in Zagreb. The company has provided IT solutions and services to customers since 1989 and joined TRADE in late 2002. Perpetuum's most important services are Internet-related, particularly Internet infrastructure, development of Web systems and e-business.

Within the TRADE Network, relationships with partner companies they met is the number one benefit, as well as a potential for the company. As their exposure to the network has been limited in time, Perpetuum Mobile did not have substantial business with other partner companies since joining the Program, but they think the Program helped them find new prospective business opportunities.

There have been no specific export developed yet, but TRADE gave the firm an interesting platform to find partners in different markets. TRADE is a filtering mechanism for the company to look at potential partners properly.

Training has always been a key priority for the company; therefore the TRADE Network Grant that supported the participation of one of the firm's leaders at a business training at the Bled School of Business in Slovenia in the spring of 2003 was an important step for the firm.

Since joining the TRADE Network, the company's office space has expanded by 50%. This is in preparation of the growth in the number of employees that is envisaged for the immediate future. Perpetuum has a staff of 24 at the moment but plans to further grow to 40 people in the short term. Parallel with this growth the company experienced a natural development in IT systems and software.

Since joining TRADE Perpetuum Mobile has implemented a performance management program called: BALANCED SCORE CARD developed by Harvard University. This methodology enables the company to better evaluate the performance of the firm based on financial and non-financial indicators. While 50% of companies use this in the U.S. this tool ([www.bscol.org](http://www.bscol.org)) is considered new in Croatia. Besides the advanced performance measurement system, the company's main and urgent initiative for 2003 is starting the ISO certification process.

Perpetuum Mobile participated in the selection and interview process of accepting new IT members to the TRADE Network. The participation of CEO Ivo Spiegel at such meetings and discussion in Sofia, Bulgaria was enlightening for the whole management team as they could see companies in operation as well as see the differences in outsourcing practices.

The organizational structure of the company changed since joining TRADE in that a Technical Sector Team and a Product Development Team was formed recently.

Probably the most significant development in Perpetuum's life in regards to TRADE was the introduction of an SME version of the firm's main product, an internet infrastructure tool. The main product of the company was for large clients but the development team produced a new

product for SMEs with portal functions for € 5,000. The birth of this product is partially owed to TRADE and was introduced to interested partners at the 7<sup>th</sup> Quarterly Meeting of TRADE. A detailed description of this new TRADE-inspired product is in Appendix 6 of this report. The firm is in the process of producing an international version of the product for local markets.

TRADE's impact on Perpetuum Mobile in numbers:

- The number of the employees in the company has grown from 19 to 24 during the past 10 months as a TRADE member
- The number of the company's clients has grown by about 25 percent during the same period
- The number of new or improved product categories or service areas has grown by about 25 percent

**Moj Posao/Selectio**

Moj Posao and Selectio joined the TRADE Network in late 2002 as Human Resources services companies in Zagreb, Croatia. Moj Posao is currently the most popular internet-based job search site in Croatia, while Selectio is Moj Posao's sister company offering executive search and other HR consultancy services. The jointly owned companies have developed rapidly since joining the TRADE Network, increasing their office space by over 150% and doubling their staff. Moj Posao changed the online labor market in Croatia by setting up a new forum which gave a chance for SMEs to get quality labor at affordable prices. As the following step of development the management would like to position Selectio as a high-end recruitment and HR consulting company in the future.

The companies are also active in other networks, having recently joined an internet marketing network called HTTPool to sell banners for their clients. Since joining the TRADE Network, the two companies have also developed a new database and improved their content management systems. The web design of the Moj Posao site was fully updated since 2002.

Being a TRADE partner also contributed to Moj Posao's development of new psychology tools that are of key importance to the growth of Selectio. Amid the challenges of the rapid growth of both companies Managing Director Nenad Bakic and another colleague also had the vision and energy to publish a practical guide book on how to find a better job, based on their experience. The book is the first publication of its kind on the local market. As a further important step on developing the labor market itself, the company created the Labor Market Index for Croatia. This index measures the temperature of the market based on the number of jobs available, wages and other factors. Moj Posao's insight and vision also helps the local market in implementing EU standards in the HR selection process.

Moj Posao is one of the TRADE Network companies that naturally worked, through its online recruitment services with almost all local partners. The company provided help to CM Expert in finding staff as well as Henda Market Research. The interaction with TRADE Network Partners in other countries helped the company understand the online job market in

neighboring markets, such as Bulgaria and Romania. The company exchanged information about a TRADE Grant Supported London HR Training material with Bulgarian HR partner ConsulTeam and also worked on the issue of “How to handle stress on the job” with them.

Since being a TRADE partner, Moj Posao and Selectio have renewed several services and further developed some of their key products. All online services have been re-shaped, while job postings also became more sophisticated in the past six months. Selectio’s headhunting services developed a lot and became the main revenue source by today, while Moj Posao remains to be the base cash-flow provider for the whole venture. The company launched a new website in English in May 2003 which was a considerable step towards international market recognition. Foreign employers in Croatia quickly started to use the site.

TRADE’s impact on Moj Posao/Selectio in numbers:

- During the 7 months as a TRADE member the company’s revenue has grown by 100 percent!
- The number of new or improved product categories or service areas has grown by about 100 percent!
- The number of the company’s clients has grown by about 45 percent

## **Romania**

### **Quantum Leap S.A.**

Quantum Leap (QL) has been one of the founding members of the TRADE Network in Bucharest, Romania. The project management, financing and municipal development consulting firm saw its revenues grow by 20% over the past year during which time it received technical assistance from a number of TRADE Volunteers. One of the most significant direct impacts the President of the company, Mr. Alexandru Hotnog mentions in connection with TRADE is a half-a-million dollar saving the company managed to reach for one of its clients in a construction project with the assistance of a Volunteer Expert Advisor (VEA) provided by TRADE. VEA Roland Ares, working with in tandem with QL advisors as a HVAC consultant on the largest shopping mall construction project so far in Romania, redesigned the HVAC system and trained the local QL team on the implementation of the new design and the procurement of the equipment. As Mr. Hotong mentioned: "It took Roland half an hour to discover and solve the problem and thereby save half a million dollar for my client. Then it took another month to explain the new approach to the QL Team and implement the changes. He did both perfectly." This is a good example of technical expertise and experience that was non-existent on the local market and was made possible by TRADE.

Another significant internal improvement over the past year was QL's ISO 9001 certification with the support of TRADE's Innovative Grant Fund. While a pre-audit of QL's quality systems and company processes took place in early 2003, the final training and certification was completed successfully and ascertained by the TÜV Germany Certifying Agency in May 2003. Due to the introduction of the ISO system at QL, the organizational structure was streamlined and a new company brochure was also created. The brochure is in Appendix 2 of this report.

Due to TRADE's focus on supporting SMEs through its members, Quantum Leap has also intensified its outreach for this circle of clients. With the help of a \$14,000 EU-Grant, the company is currently conducting a series of trainings on the Use of Financial Indicators for Business Planning in Managerial Accounting for several SME clients in the Southern Romanian counties of Olt, Dolj and Groj. Additionally, QL is involved in building up the capacity of institutions and private SME companies on the municipal level to enable them to better absorb EU funds that will target these areas increasingly in the near future. According to QL, the role of the central government will be shrinking parallel with Romania's approach to the European Union; therefore QL sees the necessity of locally accessible integrated data systems as vital. These developments are exemplary in combining EU and USAID support for the integration of the Romanian economy into the European Union within the coming years.

With TRADE Network member Stefanica, Osmani & Partners (SOP), a leading Romanian law firm, QL is developing a public-private partnership (PPP) project for a new landfill in Oradea. QL is the business consultant and the SOP is the law firm in the project, creating a model agreement for the municipality, the developer and the investors that could be used in

other similar projects. This is the second PPP project in Romania and probably the first to be signed in the county, where a private investor invests money for a public project in a Design-Build-Finance and Operate (DBFO) structuring. The Municipality of Oradea contributes the land whereas the investor enters the project for building, financing and operating the landfill before transferring the venture back to municipal ownership.

QL is in talks with a Hungarian TRADE Network Partner (First Industrial Park Developer Ltd.), to cooperate in the knowledge transfer of Hungarian industrial park development to the growing Romanian market as well as with a US Real Estate developer, the CEE operations of which are headquartered in Budapest, Hungary to start business park developments in Western Romania.

QL is also offering new services that were developed with the assistance of TRADE VEAs. VEA William Moore helped QL with developing financial advisory services for the issuance of municipal bonds, thereby contributing to the take-off of a long-needed municipal financing instrument. QL started offering the service that was already demanded by existing customers. This is a currently small, but rapidly developing market segment in Romania supporting the economic development at the municipal level. The birth of this product is the result of direct TRADE assistance.

Mr. Hotnog's overall opinion of the TRADE program is that it is extremely beneficial to both Quantum Leap and its SME clients. "Volunteer experts are an excellent form of technical assistance in TRADE when we receive hands-on professional help in targeted areas. Synergy with other partners cannot be expected overnight but it will eventually happen," said Mr. Hotnog. He also noted that the inclusion of software purchase among the stated purposes of the TRADE Grant Fund, if continued, would be a great benefit to most Romanian companies, since specialized software is what most companies really lack in the country.

#### TRADE's impact on Quantum Leap in numbers:

- The number of new or improved product categories or service areas has grown by about 45 percent during the past 20 months as a TRADE member
- The average operational profit margin has grown by about 45 percent during the same period
- The revenues/savings resulting from volunteer expert assignments and TRADE grants have reached about 75,000 USD!
- QL Client savings/extra profits have reached USD 0.5 million!

#### **DC Communication**

DC Communication is a dynamically growing PR Consulting company that has been a newer member of the TRADE Network, having participated in its activities for only 3 months only by June 2003. Even in this short timeframe, the company managed to integrate well into the local cluster and enjoys synergies with several other Romanian partners already. As one of the Managing Partners of the firm, Crenguta Rosu explained, although the company has held memberships in professional international PR Associations for years, "TRADE works much

better than some of the professional PR Networks, where it took us at least a year to figure out what was going on.”

DC Communication has started working together with other Romanian TRADE partners, such as eNsight and Daedalus on several joint projects. Involving eNsight, an IT Consulting partner, and other companies that are not part of TRADE, DC has started to work on an e-learning project funded by the European Union. This project shows well how the impacts of the TRADE Network can and will go beyond its formal membership. As Ms. Rosu noted, the service sector as a whole is in development in Romania and most of the TRADE Partners are one step ahead of the market. At the same time they need to capitalize on that. DC Communication is ready to provide profiling services for them in order to develop their image in their own industries. DC Communication is also contemplating the provision of training to internal staff of Partners that deal with the area of communication.

The Romanian PR industry is in need of research to better assess the impact it has on its clients and the market as a whole. For such a research, PR companies need the services of a Market Research firm. Marketing Research is also important to track trends in any given industry before PR agencies can assist in the introduction of new products. For such cooperation, Daedalus, TRADE’s market research partner in Romania was approached by DC Communication

Several account managers of DC Communication staff took part in a 2-day Project Management training provided recently by TRADE’s training partner, Compass. The training was made possible by a TRADE Network Grant and gave an opportunity for staff-level TRADE members of several companies to meet each other in a training setting. During the training, staff understood some of project management the tools they had been already using and they improved their time management skills at the same time. A follow-up session was also conducted by Compass 3 weeks after the initial training held at the offices of DC Communication. This session turned into a real TRADE Network meeting as several companies were presenting themselves as well as some of their new products. Overall, the training proved to be a good team-building exercise besides delivering basic knowledge on the use of well known project management tools. Romanian Partners agreed that they will be expecting more modules to come and will continue to train together as a TRADE group.

#### TRADE’s impact on DC Communication in numbers:

- During the 6 months as a TRADE member the company’s revenue has grown by about 5 percent
- The average operational profit margin has grown by about 5 percent during the same period
- The number of in-country business partners has grown by about 5 percent

#### **Business Development Group (BDG)**

BDG has been the coordinating partner of TRADE Romania since January 2002. In this capacity the company has done a lot for the integration and the initial organization of the



Network in Romania besides building its own capacity including that of its SME clients' through several grants and volunteer assistance projects over the past 18 months. BDG's managing partner, Florentina Nanu noted that as a result of their intensive involvement in the Network, the company's positioning is now starting to solidify. This, she believes, is a direct result of international exposure through the TRADE Network. "18 months ago, we felt alone, trying to focus on ourselves, like a horse pulling a cart, not looking to the right or left," she said during the interview. "Today BDG and some of its Romanian TRADE partners (Compass and Daedalus) fully capitalize on the concept of cooptition that they were introduced to by USAID's trainings at Quarterly TRADE Network Meetings. A good example of such a fruitful local cooperation was the instance when the same client approached BDG and Daedalus, after which BDG approached Daedalus with the offer to jointly serve the client.

BDG has also grown its staff significantly over the past year. Former TRADE Network Program Manager for Romania, Istvan Kocsolade joined the company as an IT industry consultant in April 2003, while BDG also hired a horticultural engineer and a construction engineer to develop a new branch in construction. BDG has grown regionally as well, setting up a new office in Timisoara.

Interestingly, BDG benefited the most from volunteers assigned to other TRADE Partners in Romania. VEAs Pamela and Ralph Rosenberg worked with Compass on sales and customer care techniques while also visiting BDG for a one-day training that helped BDG to better focus their efforts on the SME market.

As a result of TRADE influence, BDG has recently set up a fully owned affiliate specialized in industrial projects, have installed a high-speed internet connection and created a local area network.

BDG has performed numerous joint research projects with other Romanian TRADE partners. One of the most significant research projects was with the local market research firm Daedalus for Spanish companies entering the local market. Another good example of TRADE's multiplier effect is that BDG is introducing one of its current clients looking for manufacturing space to TRADE partners in Romania and Bulgaria as well. Supporting the settling of an international manufacturer is a project of a size and caliber the company could not perform without former experience gained during TRADE activities and interactions through which BDG established a trust relationship with a number of TRADE partners from neighboring countries.

BDG's strategy was also influenced by TRADE, since the company is currently considering a partnership with a leading consulting firm to be able to better penetrate new segments of the market. At the same time, BDG wishes to keep its significant SME client base, acknowledging that the SME sector's development is considerably slower than formerly expected. This is why BDG as other companies in the region must focus sales their efforts on bigger clients that provide over 50% of their revenues. Quality awareness has significantly developed with some SME BDG clients that enjoyed working with VEAs provided by TRADE on the quality systems area. One client, a local furniture manufacturer, Modul Design

has gained ISO 9001 quality certification with the support of a TRADE VEA provided through BDG and with the involvement of BDG's consultant in early 2003.

Two BDG employees participated at a joint Project Management training, provided by Compass to several TRADE Network members in May 2003. The most important takeaways from the training for BDG proved to be the chance to meet working level contacts in TRADE, the exchange of experience in Project Management in different fields of consulting and learn about best practices in time management. Besides providing knowledge of the subject matters, the training strengthened the working relationship within the Network in Romania. During a follow-up meeting held at Romanian TRADE partner DC Communication, Crenguta Rosu introduced the company as one of the new TRADE partners. Another new TRADE partner, eNsight also introduced a new product on performance management, while Daniela Necefor of Total Business Solutions gave a test presentation on her company.

TRADE's impact on BDG in numbers:

- During the 20 months as a TRADE member the company's revenue has grown by 25 percent
- The revenues/savings resulting from volunteer expert assignments and TRADE grants have reached about 14,000 USD
- The number of the out-of-country business partners has grown by about 25 percent

**Total Business Solutions (TBS)**

TBS has joined TRADE Romania at the end of 2002 as a dynamically growing local Human Resource Consulting company. TBS has integrated into the Network quickly and easily by taking a proactive approach and starting cooperating with other HR companies in the group and conducting joint PR activities with local partners, such as Compass Consulting in Romania. The two Romanian partners were recently listed in the most popular weekly business magazine as companies that started with less than \$10,000 base capital and have risen to success. Both companies were contacted separately from the newspaper and met at the interview. An abstract of the article also published in the first issue of the TRADE Newsletter is in Appendix 3 of this report.

One of the most important experiences of TBS in the TRADE Network is the openness of business associates involved, which Daniela Necefor considered as "new and very important". TBS's relationship with Compass has been established before both companies joined the network; however the development of the relationship and the increase in joint promotion activities can be attributed to the TRADE program. A good example of the two companies' joint promotion is that TBS is providing free career consultancy to women in business through a local women's magazine, where the "best woman's career path" can win a free training course with Compass consulting. The two companies have open communication and keep learning about each other to build up a trust relationship.

TBS regards it as very important to change SME mentality to use professional services on the Romanian market. The company applies a special price system and offers package services to

SMEs. Although Daniela admits that “they have the most work with some of these cheap projects” she thinks it is crucial to be present and be an educator on this segment as Romania grows towards the integration into a major international HR marketplace.

TRADE’s impact on TBS in numbers:

- During the 7 month as a TRADE member, the number of the company’s clients has grown by about 15 percent
- The average operational profit margin has grown by about 15 percent during the same period
- The number of out-of-country business partners has grown by about 15 percent

**Daedalus Market Research**

Daedalus is among the founding members of the TRADE Network as a leading marketing research agency in Romania. Although “18 months is not enough to set up a real business network” according to Managing Director Daniel Enescu during the interview, this company has had probably the most fruitful and numerous projects with other TRADE members in and outside Romania alike.

In terms of internal cooperation: Daedalus started early to work with other Romanian partners, such as the Business Development Group (BDG), Compass Training and others on different research projects. Due to this experience and a starting price war on the local marketing research market, the company has started to diversify its business. Before entering the TRADE Network, Daedalus never worked in consortia with other firms. The program helped the company to change their vision about working together with in networks to approach more complex projects and today see this development as an opportunity to diversify their service offerings. While Daedalus used to decline inquiries that were not purely research based, today they take them and look around to see what services other TRADE Network partners can provide to get the deal. Daedalus also would like to work for PHARE funds winners in consortia with other TRADE partners, as this market will represent a good part of the market in the coming years. Defining the entry strategy for foreign businesses in Romania is an area where the company is already working in tandem with the Business Development Group and sees this as an opportunity that can only be tapped by cooperating partners.

Working for a UK company specializing in the agricultural development of emerging markets, as a PHARE project winner, Daedalus was asked to support a similar project in Kosovo recently. This is a good example on how Romanian know-how can be exported to neighboring non-TRADE countries, with the help of TRADE partners. Not having solid business relationships with local market research firms in Kosovo, Daedalus contacted TRADE’s Market Research partner, Market Test, in Sofia to provide assistance. Market Test in turn recommended an Albanian firm that they could work with, and through this cooperation, the company managed to secure another \$9,000 contract.

Daedalus has developed two new products since joining the TRADE Network. One of them is an online lifestyle research in cooperation with a website owner and content provider, while the other is Geo-Marketing, a totally new product on the Romanian market in the formulation of which the company received assistance from TRADE VEA Paul Murphy last summer. The product provides strategies on location questions, such as “Where to open an outlet?” or “Where to place a billboard advertisement?” based on population, geography and other types of research.

Daedalus has also been very active in exploring cross-border business opportunities with several TRADE partners over the past 18 months in Hungary and Bulgaria. In cooperation with Hungarian TRADE Market Research partner Hoffmann Research, the company made a product research for a product made in Hungary by a multinational company. This started initially as a 1-month project that later evolved into the definition of an entry strategy and the suggestions for the packaging of the product. Revenues from this project are estimated to reach \$20,000 by the end of the year.

A remarkable strategy and vision change also emerged from Daedalus’ relation to other TRADE partners. When a price war started on the Bulgarian research market, both profitability and quality fell there. Learning from the advice of its Bulgarian partner, Daedalus did not enter the same price war when it started in Romania. Instead, the company diversified from pure research with the support of other TRADE partners. Later on, Market Test in Bulgaria followed the same strategy, but due to good communications and strategic advice working within TRADE, Daedalus managed to avoid a serious mistake on a volatile market.

Daedalus also changed their internal training strategy due to the advice of VEA Paul Murphy, increasing its training budget and moving into the habit of not using strictly technical types of training activities, such as Change Management, Leadership, Communication and Soft Skills. TRADE’s MBA Enterprise Corps Volunteer, Michelle Lagueux worked with the staff on teambuilding and soft skills that improved overall performance in a great measure. Ms. Lagueux’s activity helped raise the employee morale and the staff is very positive about that experience.

TRADE volunteers also had a significant impact on the HR structure of Daedalus. VEA Robert Bell and Paul Murphy both noticed that the company was in a stage of growth when new positions were required and a different management structure had to be implemented. The company is now in the stage of implementing these recommendations, while also working in a new employee appraisal system. As for the CEO’s personal management style, as influenced by TRADE, Daniel noted that they are moving away from an autocratic system to an empowered system, which may take years to fully implement.

#### TRADE’s impact on Daedalus in numbers:

- During the 18 months as a TRADE member the company’s revenue has grown by 60 percent
- The revenues/savings resulting from volunteer expert assignments and TRADE grants have reached about 80,000 USD!

- The company made around 10,000 USD revenue or savings from TRADE partners abroad

### **Stefanica, Osmani and Partners (SOP)**

Stefanica, Osmani and Partners (SOP) is a relatively new member of the Network in Romania, as a leading local law firm of the country. Since their joining of the Network, the firm has accelerated its geographical and technical development. Opening a new office in Belgrade, Serbia and having recently opened another affiliate in Kraiova as well as in Timisoara, the company is a good example of dynamically growing young business service provider taking advantages of TRADE's networking and technical assistance programs.

SOP's openness to be an active part of a consulting network resulted in concrete projects immediately after joining TRADE. Today, the company is working with Quantum Leap on the first Private-Public Partnership, where a model agreement is being drafted by the legal services department of the firm. Working across borders, SOP referred clients to Totev & Ivanov, a TRADE's law firm in Sofia, Bulgaria.

With a 20% growth in the number of clients this year and a 10% growth in the number of employees, SOP is definitely one of the fastest growing partners of TRADE that is also involved in improving the legislative environment of SMEs in the country. Since the taxation is not the main problem in Romania for SME development, SOP is now concentrating its efforts on easing the incorporation burdens that make it both lengthy and time consuming to open up a small company.

### **TRADE's impact on SOP in numbers:**

- The number of the employees in the company has grown from 36 to 43 during the past 4 months as a TRADE member
- The company's revenue has grown by about 15 percent during the same period
- The number of out-of-country business partners has grown by about 25 percent

### **eNsight**

eNsight joined the TRADE Network in Romania in early 2003 as a leading IT Consultancy, working for a number of international and local clients. Since joining TRADE, the company has been very active in both developing business relationships with all partners in Romania and a number of other IT consulting firms in Bulgaria, Croatia and Hungary. Second to the Market Research group within TRADE, the IT Consultancy group is the most closely knit team, building relationships and working together on joint projects for other markets in a fast pace environment.

Examples of eNsight's broad ranging thriving network activities include a joint e-learning project with DC Communication and other non-TRADE companies. This project is funded by

the European Union, as well as the building a PR and Communication tool in the form of a web portal, where DC Communication brings PR capabilities and eNsight their IT expertise to the deal. Together with Compass Consulting, another Romanian TRADE partner, eNsight is developing a software automation system to manage projects of different scopes and sizes. The software package called Professional Services Automation (PSA) is used to measure the profitability of projects. With AMM, the Hungarian IT Consulting firm, eNsight is planning to establish an IT cluster in the CEE region. For this purpose the two companies met in Ljubljana at the end of May and will meet again in Warsaw in October. As a joint project with Bulgarian TRADE IT partner Bianor, eNsight is currently targeting a Romanian client to provide 3<sup>rd</sup> generation mobile communication service solutions. At the same time eNsight also assisted Daedalus to find software developers for the company as well as for their clients.

Working with former MBA Enterprise Corps volunteer to Croatia, Mr. John Wirth, eNsight developed a qualification examination system to identify Romanian consultants for different users to work with. A due diligence project is also in the pipeline through this relationship, which developed after the MBA EC volunteer assistance project was completed in all TRADE countries.

The most remarkable experience of interaction with other TRADE partners was one of reassurance for Robert Maxim, CEO of eNsight. As he put it during the interview “As I saw other firms in other countries in the region and the problems they were facing, I understood that we were prepared for the road.” It was beneficial for the company to be able to compare itself with similar companies from other countries in the region and to see how it tackles problems that others are facing in their own markets in a similar way. Mr. Maxim sees the Network on one hand as a Marketing and Visibility tool and on the other hand as a radar system to have access to project information and technology developments from other countries in the region.

eNsight has tried to always invest considerable funds in training its employees in different fields, such as technical IT trainings, Sales, Train the Trainer and PR Skills. However, since joining TRADE a joint Project Management Training was co-funded from the Innovative TRADE Grant Fund, where five eNsight employees participated.

As a change in company strategy, eNsight gave up software development as a service offering and started to focus more on IT consulting, where margins are better. This decision as well as a shift to focus more on developing SME clients was partially influenced by interactions with TRADE partners. By today, eNsight doubled their number of SME clients that also enjoy the benefits of the technical assistance provided by the TRADE program.

#### TRADE's impact on eNsight in numbers:

- During the 3 months as a TRADE member the company's revenue has grown by about 45 percent

## **Compass Consulting**

Compass Consulting has been a founding member and for a time the Coordinating Partner of the TRADE Network in Romania. As a management consulting and training firm, Compass has contributed a lot to the development of the local Network as well as being a catalyst of cross border business relations throughout the past 1.5 years of the program.

The company has experienced an astronomical growth (over 100%) in its sales since joining the program. To support the growth a new fee structure was established and implemented, new equipment bought, along with new software and new office space acquisitions.

With the support of TRADE's Innovative Grant Fund, the company upgraded its internal quality procedures and obtained ACCA certification for 1 staff member.

The most remarkable project with other TRADE partners for Compass was a recent training program made possible by a TRADE Grant on Project Management with participants from the other Romanian TRADE partners with the coordination of eNsight. Compass also was involved in a joint project on marketing research with BDG's coordination and participated at the FEACO (European Federation of Management Consultancies Associations) conference, together with eNsight partially funded by a TRADE Grant.

Cooptition was the most interesting concept that Compass learned through TRADE and that changed the company's leadership's vision about doing business and achieving results within a network setting.

Some of the most successful TRADE Grant projects for Compass included the certification of two of the company's employees as the Certified Management Consultants (CMC) in order to get international recognition for the consulting services provided, that being in the benefit of the TRADE network in terms of members qualifications, image, guaranteed level of quality for the services provided. Today only 10 Romanian consultants are certified as CMC.

Participation at the International FEACO Conference was a great opportunity for Compass consultants to meet and discuss with representatives from other Central Eastern European companies and Western consulting companies. It was a strong first step towards partnerships and setting up of informal networks of professional companies.

In terms of takeaways from TRADE conferences, similarly to some other TRADE partners, Compass reported that their feedback was that other partners have similar or bigger problems in their developing markets, which gave the company a reassurance that they were on the right track to solve their local problems. Compass has benefited from the assistance of three excellent volunteer advisors working on developing the Sales, the Customer Care and the Marketing capabilities of the firm. Due to the influence of TRADE the company has also increased the quality and quantity of training provided to employees that resulted not only in better services to clients but a significant raise of the employee morale as well.

Compass also changed their HR systems since joining TRADE. This includes a change in the compensation packages, career planning and improved job descriptions. The overall HR system upgrade resulted in a better and more systematical yearly performance appraisal.

Compass reported a significant increase of SME assignments, since most of their products are destined to SMEs country-wide. As a projection of revenues and savings generated by the TRADE Network, Compass' net gain is over \$10,000 for the past 18 months. COMPASS considers that about 20% of its saving is due to VEA assistance which contributed to a set of indirect savings over their portfolio of assignments.

TRADE's impact on Compass in numbers:

- During the 18 months as a TRADE member the company's revenue has grown by 25 percent
- The share of export services in their revenue pie has grown by about 50 percent in the same period
- The number of the employees in the company has grown from 5 to 9



## Appendix 7 – Fees Earned and Money Saved by TRADE Partners

No.	Partner Country	Description	Value
1	Quantum Leap  Romania	This January, VEA Roland Ares worked closely with Quantum Leap specialists on the construction of a shopping mall in Romania. With Mr. Ares help the design was greatly improved which resulted of over \$500,000 in savings in initial investment, maintenance and power consumption costs over the first five years of operations.	\$500,000
2	Hendal Market Research  Croatia	TRADE is helping Hendal address strategic issues by providing specific technical training to develop a new product in the field of communication research. Mr. Paul Murphy, TRADE Volunteer Expert Advisor, an experienced professional in this area, worked with Hendal to develop a new methodology of communication research on the Croatian market. As a result of VEA Murphy's assistance, AdVisor® - a multi-diagnostic "tool" for the evaluation of the effectiveness of promotional materials - was developed.	\$150,000
3	Market Test  Bulgaria	Mr. Brian Piper, an accomplished sales and marketing specialist worked for three weeks with two Bulgarian Partners, Business Center Serdon and Market Test. He trained the sales staff of both companies on sales techniques. In addition, together with Market Test, a Market Research company, the Volunteer developed a strategy to market its new project Target Group Index (TGI). Very soon afterwards their efforts were rewarded when, armed with new knowledge and a revamped strategy, Market Test staff signed 7 contracts worth \$150,000.	\$150,000
4	CM-Expert V-Comm.  Croatia & Bulgaria	CM-Expert with the assistance of TRADE Associate Partner, V-Communications, has received a contract to help build the new US Embassy in Sofia. V-Communications will provide some of the local logistical support.	\$100,000
5	CM-Expert  Croatia	A few months ago CM-Expert became certified in ISO 9001:2000 with the help of a grant from TRADE. Now, CM-Expert has begun offering this new knowledge to small and medium enterprises in Croatia. Contracts were signed with SPAN, a software company, Metalservis TAD, a producer of forestry tractors, VPB, a design and consulting project bureau, Hidroelektra-projekt Jarun, a	\$100,000

		maintenance and event management company, and Gradska groblja, the city's cemetery.	
6	BulBrokers & Market Test  Bulgaria	Market Test was asked to conduct market research in two areas, consumer and financial. It was not able to conduct the financial research and referred it to BulBrokers, TRADE Associate Member. Thus they kept the client and are expecting more follow up work from BulBrokers once the financial research is complete.	\$100,000
7	Daedalus  Romania	The company investigated the potential for raising its fees in the market and with the help of Paul Murphy, a TRADE VEA, Partners in Romania and Hungary have been able to determine that this is an ill advised strategy. The Director estimates that this saved them 10% of their revenue in lost fees.	\$100,000
8	Daedalus  Romania	The MBAEC Member stationed in the country for one year, Michele Lagueux has worked with Daedalus Market Research to conduct HR surveys and team building exercises. The Director estimates that they saved about 10% of their turn over.	\$100,000
9	Market Test  Bulgaria	A TRADE grant has allowed Market Test to provide training to its staff on a new international product of syndicated Market Research (the first of its kind in Bulgaria). They have already signed some contracts and expect to earn at least \$100,000 in fees this year alone.	\$100,000
10	CM-Expert  Croatia	TRADE introduced CM-Expert to the GTN Program and encouraged them to register. As a result, CM-Expert concluded two deals with Glina, Cotton Mill and Metalservis processing Plant in Croatia. The projects are worth \$50,000 and \$25,000 in fees.	\$75,000
11	Compass  Romania	Ralph and Pamela Rosenberg, two volunteer expert advisors, who specialize in sales, training and business strategy worked with Compass's management and staff for three months during the fall. Their joint efforts bore fruit as Compass has seen a dramatic increase in sales of 50% thanks to several new consulting projects and services identified with the assistance of the VEAs. To address this new demand, Compass has hired and trained a number of new young Romanian consultants.	\$50,000
12	ConsulTeam & Totev and Ivanov  Bulgaria	The two companies have formed a strategic alliance to provide joint services in the privatization and post privatization field (i.e. both legal and HR due diligence of companies). Thus far, they have earned \$25,000 in fees and expect the same by the end of the year.	\$50,000
13	Quantum Leap  Romania	Mr. William Moore with Quantum Leap and their client, a Romanian municipality on the issue of municipal bonds in Romania; a significant development in the country where fixed income securities are only being introduced.	\$20,000

		The project was a success a consequence of which is that Quantum Leap has focused much of its energy on developing this as a major offering of their business, financial advisory services to municipalities and large and medium enterprises. Currently a number of new contracts are being negotiated.	
14	ConsulTeam  Bulgaria	VEA Nena Gebhardt worked side by side with the staff, training them by doing. She developed a staff appraisal system for them, which will later lead to internal succession planning system. She improved internal bonus system, and helped to complete and HR due diligence project. Finally, worked with the company on a number of HR consulting, training and recruitment projects. The cost of the training is anticipated at \$20,000.	\$20,000
15	Expoteam  Bulgaria	Mr. Richard Westerfield, a veteran of managing trade show businesses worked with Expoteam. During this one short month the VE has been instrumental in helping the company to focus its resources; as a result the company has been able to increase both revenues and profitability by 10%.	\$15,000
16	Consensus  Croatia	The MBAEC member in Croatia is working with Consensus to help them develop a new product in corporate strategic planning by working together with them to provide it to their main client, a Croatian international pharmaceutical company. This project alone is worth \$15,000 to them in fees; however they also expect to earn more from new business in this field.	\$15,000
17	Bianor Perpetuum Mobile  Bulgaria Croatia	Perpetuum Mobile introduced Bianor to Captaris. An informal distribution agreement has already been reached and a written agreement is shortly following. Captaris is a leading provider of unified communications and mobile business solutions that allow companies to improve business communications with customers, partners and employees. (this is a conservative figure it is being checked)	\$50,000
18	Daedalus Market Research  Romania	Daedalus conducted research on the aviation industry in Romania and needed to speak with several persons involved in this business, in order to gather rather sensitive information. At a regular TRADE Romania meeting, Daedalus inquired if any of the Partners had acquaintances in the field, or new other persons that could help them. And that was not without success. BDG knew the Prefect of Bacau while Q.Leap knew the General Manager from Romaero; both could recommend Daedalus to the persons that had information we needed.	\$10,000
19	ConsulTeam	VEA Nena Gebhardt introduced the company to two	\$10,000

	Bulgaria	potential Partners in Hungary, DBM and Target Recruiting. Through them they already won two projects.	
20	Compass, Hendal & Market Test  Romania, Croatia and Bulgaria	COMPASS Consulting, had to prepare a 16 million US\$ feasibility study for a Swiss-Romanian joint venture (green-project), aiming to set-up a factory for producing in Romania a binding substance in binding wooden chipboard / particleboard (PAL, PAF, plywood), needed by the furniture industry. Market Test provided valuable information on both the supply and demand side of the market in Bulgaria and Croatia.	\$10,000
21	Hendal and Consensus  Croatia	Consensus helped Hendal in bidding for one project supervising the agreement between Hendal and the Client. They were warned that the agreement could have heavy unfavorable consequences and revised it accordingly. They saved at least \$10,000 in potentially lost revenue.	\$10,000
22	Totev and Ivanov  Bulgaria	Paul Fondie, the MBAEC member stationed in Bulgaria has introduced Totev and Ivanov to LGI, a USAID project that will be using the lawyers' services starting in October, which will earn them new fees.	\$10,000
23	BDG, Daedalus & Compass  Romania	Three Romanian partners of TRADE (BDG, Daedalus and Compass) delivered a comprehensive market survey, including macroeconomic-, country risk-, market- and industry specific strategic analyses in a joint effort with in two weeks of order to a major international client analyzing opportunities in entering the local market.	\$10,000
24	CM-Expert & Moj Posao	CM Expert received two referrals from Moj Posao. With one of the companies the contract signed in value of 6,000 Euros.	\$6,000
25	Daedalus  Romania	The company was conducting large scale ad-hoc research in the aviation field, a notoriously secretive area. However, through referrals by BDG and Quantum Leap the needed contacts were made and the information quickly gathered. This represents both fees earned and savings.	\$5,000
26	Totev and Ivanov & Business Center Serdon  Bulgaria	Totev and Ivanov gave Business Center Serdon legal advice on a tricky international freight forwarding issue. This represents considerable savings for Serdon.	\$5,000
27	BDG & CM-Expert  Croatia and Romania	BDG has a textile manufacturing client in Romania that is searching for a supply of cotton that CM-Expert has been able to identify.	\$5,000

28	CM-Expert & Henda Croatia	CM-Expert has hired a candidate referred by Henda Market Research for a Marketing Director, a position they have been trying to fill for a long time. They saved recruiting fees.	\$5,000
29	CM-Expert & Henda Croatia	Mr. Dario Luketa held six hours of lectures on Project Management in Henda – free of charge. 20 hours of lectures altogether have been scheduled.	\$2,000
30	Moj-Posao ConsulTeam  Croatia & Bulgaria	ConsulTeam referred a Hungarian client that was looking for a Business Manager in Croatia to Moj-Posao who successfully completed the assignment. Consequently, more business is expected from Hungary. The client is in retail water distribution.	\$2,000
31	CM-Expert and Totev and Ivanov  Croatia and Bulgaria	Totev and Ivanov helped their US based client identify a source of nails in Central Europe through CM-Expert's contacts in the construction industry in Croatia.	\$1,000
32	CM-Expert & Quantum Leap  Croatia and Romania	CM-Expert provided Quantum Leap with hard to find information on the transportation sector in Croatia and the former Yugoslavia.	\$1,000
			<b>\$1,787,000</b>

The information above is as reported by TRADE Partners during quarterly meetings

Value of VEA Advisors Services (Includes fees donated, materials donated and airfare)	<b>\$605,943</b>
Grants awarded	<b>\$64,645</b>

The information above is reported by the TRADE Program and Volunteer Expert Advisors.

<b>Total of Savings and Earnings for TRADE Partners as result of Program</b>	<b>\$2,457,588</b>
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## Appendix 8 – Illustrative Partner Collaboration Tables

	Croatia	Bulgaria	Romania
Croatia	<ul style="list-style-type: none"> <li>CM-Expert has subcontracted to Consensus to do a due diligence for a Croatian Construction company.</li> </ul>		
Bulgaria	<ul style="list-style-type: none"> <li>CM Expert will provide project development assistance to a Serdon client in the Croatian market, due to a recent referral.</li> <li>Hendal Market Research has assisted ConsulTeam to open up an office in Zagreb.</li> <li>In return ConsulTeam has offered to help Hendal to expand into Serbia where it already has an office (with TRADE's help).</li> </ul>	<ul style="list-style-type: none"> <li>ConsulTeam obtained the exclusive licensee rights for the only HR standard available in the world– “Investors in People.” This is an official Standard of European Union and ConsulTeam will be the only firm authorized to certify under it in Bulgaria. They are currently offering it to TRADE Partners in Bulgaria.</li> <li>Totev and Ivanov continues its cooperation with ConsulTeam and the two companies just began two more new projects.</li> <li>Totev &amp; Ivanov is providing consulting to Business Center Serdon on a project for the founding of a number of non-profit organizations.</li> </ul>	

<p><b>Romania</b></p>	<ul style="list-style-type: none"> <li>• One of BDG's Dutch clients expressed interest in Croatian Real Estate development project opportunities. BDG is introducing the company to CM Expert, the local project management firm of TRADE in Croatia. Investments are expected in Croatia's most important tourism industrial real estate developments.</li> </ul>	<ul style="list-style-type: none"> <li>• BDG and Serdon made a stunning joint profit of \$60,000 from a Trade Mission of the Netherlands visiting both Bulgaria and Romania, led by the Dutch Minister of Finance and encompassing business meetings of over 200.</li> </ul>	<ul style="list-style-type: none"> <li>• One of the Dutch clients of BDG was referred to TBS for a recruitment job for the company's key position of East European Sales Support Manager. BDG provided screening and employment advisory services, while TBS made the recruitment of 8 candidates for the key position in several countries.</li> <li>• eNsight asked DC-Communication to prepare a PR Strategy for the firm</li> <li>• DC-Communication referred one of it's clients to Daedalus Market Research</li> </ul>
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Hungary	<ul style="list-style-type: none"> <li>• The Hungarian Market research company Hoffmann continues to give regional jobs to all the other market research companies in the network.</li> <li>• The market research companies in the Network are continuing to plan a TRADE Market Research industry meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• The Hungarian Market research company Hoffmann continues to give regional jobs to all the other market research companies in the network.</li> <li>• The market research companies in the Network are continuing to plan a TRADE Market Research industry meeting.</li> </ul>	<ul style="list-style-type: none"> <li>• The Hungarian Market research company Hoffmann continues to give regional jobs to all the other market research companies in the network.</li> <li>• Daedalus is completing two new FMGC projects for Hoffman in Romania as well as a complex qualitative market research study that covers both data collection and data analysis. The total value of these projects is some 20,000 Euro.</li> <li>• The market research companies in the Network are continuing to plan a TRADE Market Research industry meeting.</li> </ul>
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## **Appendix 8 – Partner Collaboration Success Stories**

### **ConsulTeam makes professional HR services available to SMEs region-wide in South East Europe**

The Bulgarian HR company ConsulTeam has successfully expanded to Serbia in 2002 and into Croatia in 2003. They opened up their first foreign subsidiary office in late August 2002, which began operating in early September. The opening of the office happened much quicker than was originally possible due to a grant from TRADE. The office is staffed by three local professionals who receive guidance, support and training from their more seasoned Bulgarian counterparts. The new branch has already yielded a number of new clients such as 3M and Coca Cola. ConsulTeam is now working on expanding to Macedonia.

The firm also opened its second foreign subsidiary with the support of the TRADE Network Grant fund in Zagreb, Croatia in May 2003. Only a year after the success of the opening of the first subsidiary in Belgrade, Serbia, the company decided to penetrate the Croatian market after consultations with several local TRADE Network partners. ConsulTeam entered the market with its highly demanded product of salary surveys developed since joining the Network and other HR Consultancy services. As George Parvanov, ConsulTeam's CEO put it, with the help of the TRADE Network Grant Fund "We became international, which is what we wanted to do. The global vision of our company is the same but TRADE speeded up the whole process."

### **Croatian Partner helps bring new software products to Bulgaria**

On May 12, 2003 Bianor officially became a Captaris partner and authorized distributor for the territories of Bulgaria and Macedonia. This was a result of an introduction by Perpetuum Mobile in Croatia, a TRADE Partner and Captaris distributor in Croatia.

Captaris is a leading provider of unified communications and mobile business solutions that allow companies to improve business communications with customers, partners and employees. The company provides access to and control of critical business information from almost any communications device and enhances communications workflow by improving the way in which company stakeholders exchange information.

### **TRADE Consortium publishes first ever CEE Financing Handbook for SMEs**

With the support of TRADE's Grant Fund, in an effort managed by the Romanian Coordinating Partner, the three Coordinating Partners compiled and published a handbook on available financing opportunities of projects in the CEE region. This multi-country project signals the first major cooperation of TRADE partners targeted to help the regions SME sector to obtain structured and collected information about project financing opportunities in their countries and beyond their borders. Copies of the book were distributed during the 5<sup>th</sup> TRADE Network Meeting in Budapest, and

are being made available in every country to SMEs, donors and business service providers.

### **Romanian Partners jointly conduct market research study for Israeli client**

In October 2002, Romanian TRADE Partners, Compass, BDG and Daedalus jointly conducted a market research study for an Israeli company on the availability of bio-oriented polypropylene, a packaging used for sweets. Ciprian Nanu, Director of BDG reported that the quality of the study was much higher and it was completed much quicker than BDG could have done alone because of the cross organization collaboration.

### **Cross border business collaboration in the energy sector in Bulgaria and Croatia facilitated by Bulgarian TRADE Partner, ConsulTeam**

In late 2002, One of Bulgarian TRADE Partner's, ConsulTeam, introduced to Croatian TRADE Partner, Ekonerg, one of its biggest clients - an energy sector engineering company called Enemona based in Kozloduy, Bulgaria and employing some 800 full-time people. A delegation of Enemona lead by the Chairman of the Board visited Ekonerg just before Christmas. The two companies are now in intense negotiations regarding a number of projects including the training of Bulgarian engineers in Croatia and joint work proposals.

### **ConsulTeam, Bulgaria helps Moj Posao in Croatia to serve Hungarian client**

ConsulTeam of Bulgaria referred Moj Posao of Croatia to a recruitment contract for their large Hungarian client who was looking for key personnel in Hungary. Moj Posao successfully completed the assignment, earned over 2,000 Euros and most importantly gained a foothold in the Hungarian market place.

### **Croatian Market Research Partner gains new client through Hungary**

In cooperation with Hungarian TRADE Market Research partner Hoffmann Research, the company made a product research for a product made in Hungary by a multinational company. This started initially as a 1-month project that later evolved into the definition of an entry strategy and the suggestions for the packaging of the product. Revenues from this project are estimated to reach \$20,000 by the end of the year

### **CM-Expert is winning bids to build new US Embassy in Sofia and the Caucuses**

CM-Expert, the Croatian Coordinating Partner, has won a bid to help build the new US Embassy in Bulgaria. They were able to do this with the assistance of Associate TRADE Partner, V-Communications who will be their local resource in Sofia.

Business Center Serdon is bidding together with CM-Expert on a joint project related to the building of US embassies in Baku and Yerevan.

### **TRADE Partners in Bulgaria and Croatia help finalize a \$16 million feasibility study in Romania**

COMPASS Consulting, had to prepare a 16 million US\$ feasibility study for a Swiss-Romanian joint venture (green-project), aiming to set-up a factory for producing in Romania a binding substance in binding wooden chipboard / particleboard (PAL, PAF, plywood), needed by the furniture industry. Hendal Market Research and Market Test provided valuable information.

### **Market Research companies in the region are learning from each other and becoming more profitable as a result.**

With the help of a TRADE grant, two of the Market Research companies Daedalus, Romania and Market Test, Bulgaria organized an exchange of professionals into each other's companies. To learn from each other and to explore potential joint business opportunities. The result has been improved services for their clients and internal organizations of the company. Most importantly, both companies benefited from helping each other gain new profitable clients.

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Hendal and Hoffmann Market Research have won a project for a large multinational company in the region. Consequently, Hoffman provided Hendal staff with training on qualitative interviewing skills. The training was done partially pro-bono by Hoffman in return for technical assistance they received from the program.

### **TRADE Partners are helping build another type of infrastructure**

Croatian TRADE Partners, CM-Expert and Ekonerg are bidding together with Romanian TRADE Partner, BDG on a feasibility study for the Romanian Ministry of Public Works, Transport and Housing. The project is to study the motorway between Bucharest and Constanza, Section 6: Cernavoda-Costanza. If won, the companies each stand to earn a \$100,000 in fees, while improving the infrastructure in the region.

Ekonerg, BDG and CM-Expert have submitted a combined offer to the Romanian Ministry of Transportation to do a feasibility study of the Constanza Bucharest Highway.

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BDG, CM-Expert, and IPD took part together in the First International Infrastructure Congress in Romania. BDG is assisting the other two TRADE Network Partners to filter and follow up on leads.

BDG and CM-Expert have signed a letter of intention to form a consortium to bid together on Romanian 'Government Infrastructure projects (highways, railways and harbors).

CM-Expert and Q.Leap are discussing jointly marketing to the Romanian government transportation sector work.

CM-Expert provided Q.Leap info on transportation sector in Croatia.

### **Other Cross Border Collaborations**

- Consensus and the other law firms in the region are exchanging information on new laws and other legal developments in their countries.
- Market Test and the other Market research companies have decided to meet outside of the regular Network meetings just for their industry sector to discuss joint issues and business opportunities.
- AAM Consulting is referring one of its Hungarian clients to Romanian IT TRADE Partner, eNsight consulting.

| • Daedalus has referred one of its major clients, Unilever to Market Test, Bulgaria. ← - - - -

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- BDG and Business Center Serdon are discussing a joint seminar with the public authorities in Mangalia and a few small municipalities in Northern Bulgaria about issuing municipal bonds.
- Bianor and Ensign are planning a joint effort to deliver 3<sup>rd</sup> generation mobile phone service application and related services presentation to major mobile phone system operators in Europe.
- V-Communications has been asked by CM-Expert to research the frozen food market in Bulgaria for it's Turkish client.
- BDG is also assisting CM-Expert to research the potential market in frozen foods for it's Turkish client.
- Totev and Ivanov through CM-Expert are working with US nail importer who is looking for sources in Croatia (already had preliminary contact with importer).
- Market Test is providing information to Henda Market Research on a new methodology for advertising research, such as ADD+Impact of which they are a licensee, and is exploring the possibility of adding Henda.
- Request from BDG for a cotton industry new sources of supply.